

LRA

Decision No. 19596

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN DIEGO CONSOLIDATED GAS AND)
ELECTRIC COMPANY,)
a corporation, for an order author-)
izing the issue and sale of its)
common stock of the par value of)
\$2,000,000.00.)

Application No. 14263.

Chickering and Gregory, for applicant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

By Decision No. 19233, dated January 10, 1928, the Commission authorized the San Diego Consolidated Gas and Electric Company to issue and sell on or before December 31, 1928, at not less than par \$2,000,000.00 of its common capital stock and to expend not exceeding \$500,000.00 of the proceeds for the purpose of paying the outstanding note of \$75,000.00 in favor of the Bank of Italy and of paying in part the outstanding open account indebtedness referred to in said decision, and through such payment permanently finance in part construction expenditures made prior to October 31, 1927.

The order of the Commission further provides that the company shall not expend any proceeds from the sale of the \$2,000,000.00 of common stock in excess of said \$500,000.00 until authorized to do so by subsequent orders in this proceeding.

On April 3rd San Diego Consolidated Gas and Electric Company filed a supplemental petition in this proceeding asking

authority to use the proceeds derived from the sale of the \$2,000,000.00 of stock when, and as sold, for the purpose of first reimbursing its treasury to the extent that said proceeds may go for the uncapitalized construction expenditures shown upon Exhibit "C" attached to the supplemental petition, and after such reimbursement, use the proceeds to pay in part its indebtedness.

Applicant reports that it has issued to date none of the \$2,000,000.00 of stock and that the \$75,000.00 note in favor of the Bank of Italy, referred to above, was paid prior to February 29, 1928, through increasing the company's aggregate indebtedness.

As of February 29, 1928, San Diego Consolidated Gas and Electric Company reports assets and liabilities as follows:-

ASSETS:

Property rights and franchises	\$2,358,545.77
Construction expenditures	22,711,960.53
San Diego Gas and Electric Company expenditures	4,887,751.03
Sub-total	<u>\$29,958,257.33</u>
Investments	1,500.00
Cash	444,537.59
Bond and note interest deposited	367,640.00
Notes receivable	34,270.17
Accounts receivable net.	512,900.61
Materials and supplies	357,998.59
Fuel on hand	6,919.11
Unexpired insurance.	26,764.89
Unbilled accounts receivable	16,000.00
Unamortized debt discount and expense.	984,856.01
Unadjusted debits.	8,231.45
Total Assets.	<u>\$32,719,875.75</u>

LIABILITIES:

Common stock	\$ 5,032,500.00
Preferred stock.	6,292,500.00
Bonds.	13,868,000.00
Accounts payable	287,770.21
Due to affiliated companies.	1,425,917.22
Bond interest accrued.	367,640.00
Taxes accrued.	542,593.40
Preferred dividends accrued.	73,412.50
Common dividends accrued	33,350.01
Consumers deposits	86,224.84
Consumers deposits for construction.	340,479.51
Depreciation	2,696,022.14
Depreciation-transportation equipment.	441,552.09
Operating reserve.	73,068.98
Other reserves	73,775.50
Unadjusted credits	27,500.00
Surplus.	1,057,369.35
Total Liabilities	<u>\$32,719,875.75</u>

In Exhibit "C" attached to the supplemental petition applicant reports its uncapitalized construction expenditures at \$2,454,538.84. In determining this amount it deducted from its construction expenditures as of October 31, 1927, \$3,026,332.08 cash ^{received} reserved from depreciation reserve, amortization of debt discount and expense and surplus. In Exhibit "C" it makes a further deduction of \$400,453.41 on account of credits to the depreciation reserve from October 31, 1927 to February 29, 1928.

In its Exhibit "A", applicant estimates its 1928 construction expenditures at \$4,550,544.00. In view of applicant's construction expenditures incurred to February 29, 1928, its estimated construction expenditures during 1928 and its current indebtedness, we believe that it is necessary that the company should be permitted to expend the proceeds obtained from the sale of the \$2,000,000.00 of common stock for the purposes herein indicated. In our opinion the expenditures of such proceeds for the purposes stated are not in whole or in part reasonably chargeable to income or operating expenses, and this is not a matter in which a public hearing is necessary.

IT IS HEREBY ORDERED that the San Diego Consolidated Gas and Electric Company be, and it is hereby authorized, to use the proceeds obtained from the sale of the \$2,000,000.00 of common stock, the issue of which is authorized by Decision No. 19233 dated January 10, 1928, to reimburse its treasury on account of the construction expenditures referred to in Exhibit "C" attached to the supplemental petition filed on April 3rd, 1928 and shall, after such reimbursement, use said proceeds to pay indebtedness.

IT IS HEREBY FURTHER ORDERED that the Commission's order in Decision No. 19233 dated January 10, 1928, shall remain in full force and effect, except as to those provisions of said order which may be inconsistent with this First Supplemental Order.

DATED at San Francisco, California, this 13th day of April, 1928.

Leon Whitell

Ed. J. [unclear]

W. J. [unclear]

Commissioners.