

ORIGINAL

Decision No. 1389

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the application
of SAN DIEGO CONSOLIDATED GAS
AND ELECTRIC COMPANY for an order
authorizing the issue of bonds
of the face value of \$639,000.

Application No. 590.

THELEN, Commissioner.

NINTH SUPPLEMENTAL OPINION:

This is a supplemental application for authority to issue bonds of the face value of \$23,000.

On June 30, 1913, this Commission rendered its opinion and order in the above entitled proceeding, authorizing the applicant to issue certain bonds, including bonds of the face value of \$459,000, for expenditures to be incurred during the year 1913. A much smaller expenditure than was anticipated was incurred during 1913, and a considerable portion of the bonds authorized have not been issued. The present supplemental application is for the purpose of securing this Commission's authorization for the issue of \$23,000, face value, of said bonds for capital expenditures incurred during the month of February, 1914.

A summary of the total estimated expenditures subsequent to January 31, 1914, and of the actual expenditures in February, 1914, and of the balance to be expended is attached to the application and reads as follows:

S U M M A R Y

	Balance to be expended as of January 31, 1914	Expenditures in February, 1914	Balance to be Expended
1. Steam Power Plant Equipment	\$ 43,555.24	\$ 737.63	\$ 42,817.61
2. Electric Distribution System	10,010.82	17,778.75	x 7,767.93
3. Gas Plant Buildings and General Structures	x 423.84	x 50.44	x 373.40
4. Gas Generators	14,747.15	5.12	14,742.03
5. Purification Appliances	5,544.01	969.68	4,574.33
6. Water Gas Sets & Accessories	2,241.91	1,339.26	902.65
7. Accessory Equipment at Works	x 23,231.38	642.06	x 23,873.44
8. Gas Distribution	126,120.15	6,995.54	119,124.61
9. Gas Services	24,492.45	2,443.70	22,048.75
10. Gas Meters	444.21	766.68	x 322.47
11. Miscellaneous Distribution Equipment	5,107.25	518.65	4,588.60
12. General Structures	376.63	93.74	282.89
13. General Shop Equipment	2,433.33	502.79	1,930.54
14. Contingencies	-----	-----	-----
15. Land Devoted to Gas & Electric Operations	x 1,540.27	-----	x 1,540.27
	\$209,877.66	\$32,743.16	\$177,134.50

x Overrun over estimated cost.

Under the provisions of applicant's trust deed or mortgage, it is entitled to receive from the Trustees bonds of the face value of 75% of proper capital expenditures. It is evident that the amount of bonds for which this Commission's authority is now requested, being bonds of the face value of \$23,000, is less than 75% of the capital expenditures during the month of February, 1914.

I find that the purposes for which the expenditures were incurred during the month of February, 1914, come within the general purposes specified in this Commission's opinion and order dated June 30, 1913, with the exception of certain items as to which the amounts expended have run over the estimates. In these cases, however, the amounts expended are for proper capital purposes and the expenditures should be allowed.

Applicant alleges that it expects to be able to sell said bonds for not less than 85% of their face value.

At the time the original application in the above entitled proceeding was heard, the applicant voluntarily offered to file a schedule of expenditures for each month before the Commission should make supplemental orders from time to time authorizing the issue of bonds as against the expenditures to be shown upon such schedules. I am of the opinion that it is no longer necessary to issue a supplemental order each month but that authority should be granted to the applicant to issue the remaining bonds of said total of \$459,000, up to not exceeding 75% of the moneys properly expended by applicant for capital expenditures, for the general purposes specified in this Commission's order of June 30, 1913, on the condition that the bonds shall net applicant not less than 85% of their face value. By granting this general authority, it will not be necessary to continue each month to issue a supplemental order authorizing the issue of bonds as against the expenditures of the preceding month.

I recommend that this supplemental application be granted and that the further authority hereinbefore referred to be also granted, and submit herewith the following form of order:

NINTH SUPPLEMENTAL ORDER.

IT IS HEREBY ORDERED that the RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby authorizes the issue by SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY of twenty-three thousand dollars (\$23,000), face value, of bonds of said Company, bearing numbers 4094 to 4116, inclusive, and also of the remaining unissued bonds of the total of four hundred and fifty-nine thousand dollars (\$459,000), face value, of the issue applied for in the original application in this proceeding, all of said bonds maturing the first day of March 1939, redeemable on March 1, 1914, or on any interest date thereafter, at par, accrued interest and a premium of five (5) per cent on the principal thereof, and to bear interest at five (5) per cent per annum, payable semi-annually, under and in pursuance of the terms of the deed of trust or mortgage heretofore and on the first day of March, 1909, made and executed by said San Diego Consolidated Gas and Electric Company to Harris Trust and Savings Bank and Los Angeles Trust Company, now known as the Los Angeles Trust and Savings Bank, as Trustees, upon the conditions following and not otherwise, to-wit:

1. San Diego Consolidated Gas and Electric Company shall sell said bonds hereby authorized to be issued so as to net said Company not less than eighty-five (85) per cent of the face value of the principal thereof, besides interest accrued thereon.

2. San Diego Consolidated Gas and Electric Company shall apply the proceeds from the sale of said bonds as follows:

(a) The proceeds from the sale of said bonds of the face value of twenty-three thousand dollars (\$23,000) shall be applied only for the purpose of discharging and refunding indebtedness incurred for capital expenditures made during the month of February, 1914, as those expenditures are set out in the opinion which precedes this order.

(b) The proceeds from the sale of the remaining bonds hereby authorized shall be used only for the purpose of discharging

and refunding not to exceed seventy-five (75) per cent of such indebtedness as may hereafter be incurred by San Diego Consolidated Gas and Electric Company for capital expenditures incurred for the general construction items which are specifically set forth in this Commission's order dated June 30, 1913, in the above entitled proceeding.

3. San Diego Consolidated Gas and Electric Company shall keep separate, true and accurate accounts, showing the receipt and application in detail of the proceeds of the sale of the bonds hereby authorized to be issued, and on or before the twenty-fifth day of each month the Company shall make a verified report to the Commission stating the sale or sales of said bonds, during the previous month, the terms and conditions of sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order in so far as applicable is made a part of this order.

4. San Diego Consolidated Gas and Electric Company shall file with this Commission certified copies of the statements or certificates to be filed by it with the Trustees under its said trust deed or mortgage, on which statements or certificates it expects to receive from the Trustees the bonds hereby authorized to be issued.

5. The authority hereby given to issue said bonds of the face value of twenty-three thousand dollars (\$23,000) shall apply only to bonds issued by said Company on or before the 31st day of May, 1914, and the authority to issue the remaining bonds hereby authorized shall apply only to bonds issued by said Company on or before the first day of November, 1914.

The foregoing ninth supplemental opinion and order are hereby approved and ordered filed as the ninth supplemental opinion

and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 30th day of
March, 1914.

H. Loveland
Miss Gordon

Max Thelen

Edwin O. Edgerton

Commissioners.