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Decision No. 9988

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 authorizing the issue of )  
\$1,500,000.00, par value, of its )  
First and Refunding Six Percent. bonds )  
and \$331,100.00, par value, of its )  
Preferred Stock or Common Stock. )

ORIGINAL

Application No. 7439

Chickering and Gregory, Cummins, Roemer and Flynn,  
Sweet, Stearns and Forward, by Allen L. Chickering,  
for applicant.

BENEDICT, Commissioner.

O P I N I O N

In this application, as amended at the hearing,  
SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY asks permission to  
issue and sell \$1,500,000.00 of its first and refunding mortgage six  
per cent. bonds due March 1, 1939, and \$331,100.00 of its seven per  
cent. preferred stock, or common stock, or such portions of either as  
it may elect to issue in the aggregate amount of \$331,100.00.

Applicant reports that on October 31, 1921, it had out-  
standing \$3,010,800.00 of common stock and \$2,374,000.00 of seven per  
cent. cumulative preferred stock. Its bonded debt as of the same  
date is reported to consist of \$5,130,000.00 of first mortgage five  
per cent. bonds due March 1, 1939 and \$2,750,000.00 of first and re-  
funding mortgage six per cent. bonds due March 1, 1939. In addition,  
there are outstanding \$550,000.00 of five year collateral trust six  
per cent. notes due July 1, 1923, secured by pledge of \$688,000.00 of  
the first mortgage bonds, and \$218,667.10 of miscellaneous accounts  
payable.

The company proposes to use the proceeds from the sale of the bonds and stock herein applied for, to finance, in part, construction expenditures up to December 31, 1922. In exhibits attached to the petition, applicant reports that it will need \$252,621.07 to complete its 1921 construction program and \$2,073,004.87 to finance capital expenditures in 1922.

In Exhibit "5" applicant submits an estimate of the cost of its construction work <sup>during the current</sup> ~~for the coming~~ year. A summary of this statement shows, in round numbers, the following:-

A - <u>Gas Department:</u>	
Production capital . . . . .	\$47,500.00
Transmission capital, . . . . .	115,360.00
Distribution capital, . . . . .	<u>165,550.00</u>
Total Gas Department, . . . . .	\$328,410.00
B - <u>Electric Department:</u>	
Production capital, . . . . .	\$1,038,500.00
Transmission capital, . . . . .	86,000.00
Distribution capital, . . . . .	<u>546,590.00</u>
Total Electric Department, . . . . .	1,671,090.00
C - <u>General Capital,</u> . . . . .	48,500.00
D - <u>Steam Mains, Services, Meters,</u> . . . . .	<u>25,000.00</u>
TOTAL ALL DEPARTMENTS, . . . . .	\$2,073,000.00

These estimated expenditures include \$1,000,000.00 to be expended for a steam turbine and two new boilers to equip the power house purchased from San Diego Electric Railway Company under the authority granted in Decision No. 8445, dated December 18, 1920; \$160,000.00 for substation equipment for its new Station "C", and \$85,000.00 for a 11 K.V. transmission line to El Cajon. The testimony shows that the installation of the steam turbine and boilers will relieve applicant from the necessity of purchasing power from other electric utilities. It is reported that the expenditures shown in Exhibit "5", are made necessary not only to meet increasing demands from new consumers, but also to improve and maintain its existing service.

H.H. Jones, applicant's president, testified that in his

opinion the company would be able to sell its bonds at not less than 93, and stock, both common and preferred, at not less than par. He stated that in connection with the sale of its stock an expenditure of not exceeding five per cent. would probably be required for brokerage fees, advertising and similar expenses.

I herewith submit the following form of Order:

O R D E R

SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for permission to issue stock and bonds, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to issue and sell, on or before December 31, 1922, \$1,500,000.00 of its first and refunding mortgage six per cent. bonds, and either \$331,100.00 of its seven per cent. preferred stock, or \$331,100.00 of its common stock, or such portions of either as it may elect to issue in the aggregate amount of \$331,100.00.

The authority herein granted is subject to the following conditions:

- 1.--The bonds herein authorized to be issued, shall be sold for cash at not less than 93 per cent. of face value plus accrued interest.
- 2.--The stock herein authorized to be issued, shall be sold for cash at not less than par.
- 3.--Of the proceeds from the sale of the stock, applicant may

use not exceeding five per cent. to pay brokerage<sup>or</sup> commissions, advertising and other expenses of sale.

- 4.--The remaining proceeds from the sale of the stock and the proceeds from the sale of the bonds herein authorized shall be used to finance, in part, the cost of the extensions, additions and betterments described in Exhibit "5" and in this application, provided such cost is properly chargeable to capital account under the uniform system of accounts prescribed or adopted by the Railroad Commission.
- 5.--Applicant shall file with the Railroad Commission during 1922, a complete copy of its monthly reports prepared for the use of its officers and employees, such reports to be filed as soon as available for distribution to such officers and employees.
- 6.--The authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,250.00.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 12<sup>th</sup> day of January, 1922.

RAILROAD COMMISSIONS OF CALIFORNIA  
Fee \$1250 <sup>00</sup>/<sub>100</sub>  
JAN 12 1922  
H. Matthews

H. B. Underhill  
H. D. Loveland  
Wing Martin  
J. F. Penner  
Commissioners.