

Decision No. 28577

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA GAS COMPANY,)
a corporation, for an order author-)
izing it to issue and sell Fifteen)
Million (\$15,000,000.00) Dollars)
principal amount of its first mort-)
gage and refunding bonds, 4% Series,)
due 1965.)

Application No. 20,030

T. J. Reynolds and L. T. Rice, for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

In this proceeding the Commission is asked to enter its order authorizing Southern California Gas Company to issue and sell, at not less than 98-1/2% of their face value and accrued interest, \$15,000,000.00 of its first mortgage and refunding bonds, 4% Series, due 1965, for the purpose of redeeming outstanding bonds.

Applicant has outstanding \$13,355,600.00 par value of capital stock, consisting of \$3,998,900.00 of 6% cumulative preferred stock, \$556,700.00 of 6% cumulative preferred stock Series A, and \$8,800,000.00 of common stock. It also has outstanding in the hands of the public \$27,316,000.00 of bonds consisting of \$6,170,000.00 of first and refunding mortgage, Series "B" 5-1/2% bonds due 1952, \$8,646,000.00 of first mortgage and refunding bonds, 5% Series of 1957, and \$12,500,000.00 of first mortgage and refunding bonds, 4 1/2% Series of 1961.

The company proposes to redeem on September 1, 1935 the \$6,170,000.00 of first and refunding mortgage bonds and the \$8,646,000.00 of first mortgage and refunding bonds. The former bonds are on September 1, 1935 callable at 102-1/2% of their face value and accrued interest and the latter at 104% of their face value and accrued interest.

The payment of the \$15,000,000.00 of bonds which applicant now asks permission to issue will be secured by its first mortgage and refunding indenture. This indenture will, upon the redemption of the \$6,170,000.00 of first and refunding bonds, become a first lien on its properties. The \$15,000,000.00 of bonds will be dated August 1, 1935 and mature August 1, 1965. They will bear interest at the rate of 4% per annum payable semi-annually. They are redeemable at the option of the company and if redeemed prior to August 1, 1940 the company must pay the principal amount thereof, accrued interest and a premium of 7-1/2%. If the bonds are redeemed after July 31, 1940 the premium decreases at the rate of one half of one percent per annum until August 1, 195⁴~~5~~. After July 31, 195⁴~~5~~ the bonds are redeemable at par. *NYM*

Of the \$15,000,000.00 of bonds which applicant desires to issue, \$14,816,000.00 will be issued under the provisions of its trust indenture permitting the issue of bonds for refunding purposes, while \$184,000.00 will be authenticated under the provisions of the trust indenture permitting the company to deposit cash with the trustee. The \$184,000.00 may be issued to reimburse applicant's treasury because of income expended for fixed capital purposes. It is of record that applicant intends to use/^{all}the proceeds realized from the sale of the bonds to redeem the bonds to which reference has been made. The balance, about \$541,000.00, of the moneys required for

the redemption of outstanding bonds will be provided by applicant from other sources.

Applicant estimates that it will through the redemption of the bonds, to which reference has been made and the issue of the 4% bonds, effect an annual saving of at least \$136,000.00.

O R D E R

Southern California Gas Company having applied to the Commission for an order authorizing it to issue \$15,000,000.00 of bonds, the Commission having considered applicant's request, and being of the opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of said bonds is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expense or to income and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Southern California Gas Company may, on or before September 1, 1935 issue and sell for not less than 98-1/2% of their face value and accrued interest, \$15,000,000. of its first mortgage and refunding bonds, 4% Series, due 1965, and use the proceeds, other than accrued interest, from the sale of \$184,000.00 of said bonds to reimburse its treasury because of income expended for fixed capital purposes, and thereafter use the proceeds from said \$184,000.00 of bonds and the proceeds from \$14,816,000.00 of said bonds to redeem in lawful money of the United States of America on September 1, 1935, \$6,170,000.00 aggregate principal amount of applicant's

first and refunding mortgage 5-1/2% gold bonds, Series "B" of 1952, maturing September 1, 1952, and to redeem in lawful money of the United States of America on September 1, 1935, \$8,646,000.00 aggregate principal amount of applicant's first mortgage and refunding gold bonds, 5% Series, due 1957, and maturing September 1, 1957. The accrued interest may be used for general corporate purposes.

2. Pending the preparation and delivery of definitive bonds, Southern California Gas Company may execute, authenticate and deliver in lieu of such definitive bonds, temporary bonds, such temporary bonds to be issued and sold under the same terms and conditions as the bonds herein authorized to be issued.
3. Southern California Gas Company shall file with the Commission within thirty (30) days after the sale of the said \$15,000,000 of bonds herein authorized, (a) a copy of the prospectus under which said bonds are being sold by the underwriters; (b) a copy of the contract between applicant and the underwriters; and (c) a report of the issue of the bonds and the disposition of the proceeds, as required by the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
4. Southern California Gas Company shall file with the Commission on or before January 31, 1936 a statement showing in detail the expenses incurred by it because of the issue and sale of the said \$15,000,000.00 of bonds herein authorized to be issued.

5. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Eighty-four (\$184.00) Dollars.

DATED at San Francisco, California, this 27th day of

June 1935.

H. P. Carr

M. B. Harris

W. H. [unclear]

Frank R. [unclear]
Commissioners.

Fee \$184⁰⁰/₁₀₀
RAILROAD COMMISSION
STATE OF CALIFORNIA
JUN 27 1935
[Signature]
Fee # 31496