

Decision No. 35152**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SOUTHERN CALIFORNIA GAS
COMPANY for an order supplemental
to the order contained in Decision
No. 34081 in Application No. 24088

Application No. 24088

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

Rfor
The Railroad Commission, by Decision No. 34081, dated April 5, 1941, in the above entitled matter, among other things, authorized Southern California Gas Company to issue and sell \$5,000,000 of its first mortgage bonds, ~~3 1/4%~~^{3 1/2%} series, due 1970, at not less than 102% of their face value plus accrued interest, and to use the proceeds, other than accrued interest, to reimburse its treasury because of income expended for additions and betterments to its properties and to finance in part the cost of additions and betterments described in Exhibit B filed as a part of the original application. Exhibit B was a summary of the estimated gross and net cost of tangible fixed capital, exclusive of motor vehicles, to be installed during the year ending December 31, 1941.

The company reports that it sold its bonds for \$5,112,500 (exclusive of accrued interest) and used \$1,762,500 thereof to reimburse its treasury and \$2,117,000 to meet in part its construction expenditures during the year ending December 31, 1941, leaving an unexpended balance of \$1,233,000.

Accordingly, in a supplemental petition filed on March 11, 1942, it requests a further order of the Commission for authority to use the remaining balance of \$1,233,000 to reimburse its treasury and to finance in part its estimated capital expenditures during 1942.

In support of its request the company has filed with its supplemental petition, a statement designated "Exhibit B-1" containing a summary of estimated capital additions and retirements during 1942, including the following:

	<u>Gross Additions</u>	<u>Gross Retirements</u>	<u>Net Additions</u>
Production capital (Manufactured)	\$ 322,968	\$ 3,826	\$ 319,142
Production capital (Natural)	192,126	5,400	186,726
Transmission capital	930,993	113,383	817,610
Distribution capital	4,295,616	552,049	3,743,567
General capital	<u>257,658</u>	<u>35,462</u>	<u>322,195</u>
Total	<u>\$6,099,361</u>	<u>\$710,121</u>	<u>\$5,389,240</u>

The Commission has considered the company's supplemental petition and is of the opinion that a further hearing is not necessary in this matter; that the money, property or labor to be procured or paid for through the issue and sale of its bonds is reasonably required for the purposes specified herein and that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 34081, dated April 5, 1941, be, and it hereby is, modified so as to permit Southern California Gas Company to use said \$1,233,000 realized from the sale of the \$5,000,000 of bonds referred to in said Decision No. 34081 to reimburse its treasury and to

finance in part the cost of additions and betterments to its properties made or to be made during the year ending December 31, 1942, provided that only such expenditures as are chargeable to fixed capital accounts as defined in the uniform systems of accounts prescribed by the Railroad Commission may be financed through the use of such proceeds.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 34081, dated April 5, 1941, shall remain in full force and effect, except as modified by this First Supplemental Order.

Dated at San Francisco, California, this 24th day of March, 1942.

Justus J. Casper
Ray A. Riley
T. H. Hall
Francis C. Haveman
Richard R. Rabe
 Commissioners