

ORIGINAL

Decision No. 40643

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SAN DIEGO GAS & ELECTRIC COMPANY, )  
a corporation, for authority to is- )  
sue and sell 300,000 shares of its )  
Common Stock, Par Value \$10 per )  
share. )  
----- )

Application  
No. 28653

O P I N I O N

San Diego Gas & Electric Company has applied to the Public Utilities Commission for an order authorizing it to issue and sell, at a price to be determined by competitive bidding, 300,000 shares of its common stock of the par value of \$10 a share, for the purpose of reimbursing its treasury for capital expenditures heretofore made. It also asks that it not be required to publish the notice inviting bids for more than five days prior to the date fixed for opening said bids.

The application shows that the company is a public utility engaged in the business of manufacturing, purchasing and selling electricity in the Counties of San Diego and Orange, of purchasing and selling gas in the County of San Diego, and of furnishing high and low pressure steam service in the City of San Diego. It has an authorized capital stock of \$35,000,000, consisting of \$15,000,000 of 5% cumulative preferred stock and \$20,000,000 of common stock. It has presently outstanding \$7,500,000 of preferred stock and \$12,500,000 of common.

According to Exhibit "A" attached to the application, dividends have been paid on the common stock at the rate of 8% per annum during the years 1943 to 1946 and during the first six months of 1947.

The company's assets and liabilities as of June 30, 1947, are reported as follows:

Assets

Utility plant		\$61,308,565.89
Plant acquisition adjustments		524,886.35
Current assets:		
Cash and deposits	\$1,432,018.67	
Accounts receivable	1,407,041.23	
Materials and supplies	1,203,073.67	
Prepayments	<u>67,317.94</u>	
Total current assets		4,109,451.51
Deferred debits		<u>239,060.00</u>
<b>Total Assets</b>		<b><u>\$66,181,963.75</u></b>

Liabilities

Common capital stock		\$12,500,000.00
Preferred capital stock		7,500,000.00
Premium on stock		689,718.75
First mortgage bonds		16,000,000.00
Notes payable to banks		1,600,000.00
Current liabilities:		
Accounts payable	\$ 813,937.97	
Dividends declared	343,750.00	
Customers' deposits	240,628.75	
Accrued liabilities	<u>3,119,153.11</u>	
Total current liabilities		4,517,469.83
Deferred credits		1,020,684.34
Reserve for depreciation		19,144,695.04
Other reserves		516,007.72
Surplus		<u>2,693,388.07</u>
<b>Total Liabilities</b>		<b><u>\$66,181,963.75</u></b>

In making the present application for permission to issue additional shares of stock, the company reports that up to June 30, 1947, as shown in Exhibit "C", it had made capital expenditures of \$7,299,633.45 against which it had not issued any

stocks or bonds. In addition it reports its presently authorized construction expenditures at \$16,105,900, of which amount \$10,819,097 is assigned to 1947. The principal items comprising the estimated expenditures are shown in Exhibit "B" attached to the application.

In arriving at the reported uncapitalized expenditures on June 30, 1947, the company has included an item of \$1,085,000 used to pay premiums on called bonds. It does not appear that this is a proper item to be used as the basis for an order authorizing the issue of stock and permission accordingly will be granted to the company to use the proceeds received through the issue of its stock to reimburse its treasury for income invested in utility plant accounts only. It clearly appears that the company has need for additional funds to reimburse its treasury and thereby improve its cash position, pay indebtedness and meet in part its 1947 capital requirements.

The authority herein granted to issue stock will not become effective until the company has advised the Commission of the price at which it intends to sell its stock and the Commission, by supplemental order, has fixed the price at which such stock may be sold.

#### ORDER

San Diego Gas & Electric Company having applied to the Public Utilities Commission for permission to issue and sell 300,000 shares of its common stock and the Commission having considered the matter and being of the opinion that a public hearing

is not necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. San Diego Gas & Electric Company, after the effective date hereof and on or before December 31, 1947, may issue and sell, at a price hereafter to be specified in a supplemental order, not exceeding 300,000 shares of its common capital stock and use the proceeds to reimburse its treasury because of income invested in utility plant prior to June 30, 1947.

2. San Diego Gas & Electric Company shall publish an invitation for proposals for the purchase of said 300,000 shares of stock not less than five (5) days prior to the date fixed for the opening of said bids.

3. The authority herein granted to issue and sell said 300,000 shares of stock will become effective when the Commission by supplemental order has fixed the price at which San Diego Gas & Electric Company may sell said shares of stock. All other authority granted by this order is effective as of the date hereof.

4. San Diego Gas & Electric Company shall file with the Commission a report, or reports, of the issue of said shares of stock as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order, and shall also file with the Commission, within six (6) months

after the issue of said shares of stock, a statement showing in detail the expenses incurred in connection with such issue.

5. The authority herein granted should not be construed as a finding by the Commission that all the items contained in Exhibits "B" and "C" are proper charges to utility plant accounts.

Dated at San Francisco, California, this 26<sup>th</sup> day of August, 1947.

Harold P. Huls  
Justus F. Caswell  
Frank H. Powell  
B. Z. Johnson  
Herbert C. Potter  
Commissioners