

ORIGINAL

Decision No. 41254

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 \$10,000,000 principal)
 amount of its First Mortgage Bonds,)
 Series C due 1978.)
 -----)

Application
 No. 29079

O P I N I O N

In this application, San Diego Gas & Electric Company asks permission to issue and sell, at competitive bidding, for the purposes hereafter stated, \$10,000,000 of its first mortgage bonds, Series C due 1978, and execute a second supplemental indenture, dated as of March 1, 1948, substantially in the form of the indenture on file in this application as Exhibit "D".

Applicant is a corporation organized and existing under the laws of California. It is a public utility engaged in the business of manufacturing, purchasing and selling electricity in the Counties of San Diego and Orange, purchasing and selling gas in the County of San Diego, and furnishing to a limited extent high and low pressure steam service in the City of San Diego.

For the two years ending December 31, 1947, applicant reports its operating revenues as follows:

<u>Department</u>	<u>1946</u>	<u>1947</u>
Electric	\$12,747,539.13	\$13,648,079.09
Gas	5,771,726.45	5,979,982.64
Steam	94,056.67	90,412.57
Total	<u>\$18,613,322.25</u>	<u>\$19,718,474.30</u>

For the year 1946, applicant reports its gross income, that is, the amount available for interest, amortization, dividends and surplus, at \$2,452,322.24 and for 1947 at \$3,058,633.36.

As of December 31, 1947, applicant's balance sheet shows assets and other debits and liabilities and other credits as follows:

Assets and Other Debits

Utility plant	\$67,481,144.86
Utility plant acquisition adjustments	<u>285,886.35</u>
Total	<u>\$67,767,031.21</u>
Current and accrued assets:	
Cash	2,769,037.99
Special deposits	272,688.92
Working funds	27,245.00
Accounts receivable	1,672,721.61
Materials and supplies	1,535,643.68
Prepayments	<u>185,759.94</u>
Total	<u>\$6,463,097.14</u>
Deferred debits:	
Unamortized debt discount and expense	70,300.11
Retirement work in progress	34,623.17
Other deferred debits	<u>52,276.39</u>
Total	<u>157,699.67</u>
Total Assets and Other Debits	<u><u>\$74,387,828.02</u></u>

Liabilities and Other Credits

Capital stock:	
Common capital stock	\$15,500,000.00
Preferred capital stock 5%	7,500,000.00
Premiums on capital stock--common	1,446,144.26
Premiums on capital stock--preferred	<u>196,212.75</u>
Total	<u>\$24,642,362.01</u>
Long-term debt:	
First mortgage bonds, 3-3/8% series due 1970	16,000,000.00
Notes payable to banks	<u>4,000,000.00</u>
Total	<u>\$20,000,000.00</u>
Current and accrued liabilities:	
Accounts payable	2,204,758.07
Dividends declared	403,750.00
Customers' deposits	216,150.79
Taxes accrued	2,304,361.76
Interest accrued	290,625.88
Other current and accrued liabilities	<u>222,154.45</u>
Total	<u>5,672,100.95</u>

Deferred credits:	
Customers' advances for construction	213,263.78
Other deferred credits	<u>128,268.19</u>
Total	<u>\$341,631.97</u>
Reserves:	
Depreciation	19,717,254.97
Amortization of limited-term investments	6,424.51
Uncollectible accounts	242,606.66
Injuries and damages	10,000.00
Other	338,695.13
Total	<u>\$20,314,981.27</u>
Contributions in aid of construction	
Earned surplus	<u>698,592.73</u>
	<u>2,718,158.09</u>
Total Liabilities and Other Credits	<u>\$74,387,328.02</u>

Under the authority granted by Decision No. 39767, dated December 23, 1946, applicant negotiated a bank loan for \$8,000,000. To date it has borrowed under the bank loan agreement \$6,400,000 and has issued and deposited with the agent bank \$2,800,000 of its first mortgage bonds, 2-3/4% series due December 1, 1981, as collateral security for a portion of the loan.

In Exhibit "C", applicant as of December 31, 1947, reports uncapitalized construction expenditures of \$6,544,534.69.

In Exhibit "E", applicant sets forth in some detail its construction budget aggregating for all departments, \$27,587,000. Of this sum, about \$4,621,400 was expended prior to January 1, 1948. It estimated that it will during 1948 incur construction expenditures of about \$11,351,700 and that the balance, about \$11,113,900, of the estimated construction expenditures will be carried over to years subsequent to 1948.

Applicant proposes to sell, at competitive bidding, \$10,000,000 of first mortgage bonds, series C due 1978. The bidders will in their bids specify the interest rate. The redemption prices will be determined after the bonds are awarded.

Applicant reserves the right to reject all bids in the event they are unsatisfactory to it or to the Commission. Applicant requests permission to shorten the period during which invitations for bids have to be published from ten to five days.

Applicant proposes to use the proceeds from the sale of the bonds to pay its expenses incident to the issue and sale of the bonds, to pay \$3,200,000 of outstanding notes, to reimburse itself for certain expenditures heretofore made for the acquisition of property or for the construction, completion, extension or improvement of its facilities, and finance in part its construction program set forth in Exhibit B. While the amount used to reimburse applicant's treasury will become a part of its treasury funds, it will use an amount at least equal to the amount of the reimbursement to finance said construction program.

Applicant's proposed second supplemental indenture, a copy of which is filed in this application as Exhibit "D", contains a form of its first mortgage bonds, Series C due 1978. The interest rate and redemption prices will be inserted after the bonds are sold. The supplemental indenture contains, beside the form of the Series C bonds, provisions designed to secure more specifically the payment of applicant's bonds.

O R D E R

The Commission having considered this application and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of \$10,000,000 principal amount of first mortgage bonds, Series C due 1978, by San Diego Gas & Electric Company is reasonably required by said San Diego Gas & Electric Company for the purposes herein stated, which purposes,

except for the payment of expenses and accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. San Diego Gas & Electric Company may, after the effective date hereof and on or before March 31, 1948, issue and sell, at the price fixed by a supplemental order, \$10,000,000 principal amount of its first mortgage bonds, Series C due March 1, 1973. Pending the preparation and delivery of definitive bonds, San Diego Gas & Electric Company may issue, sell and deliver temporary bonds in the face amount of \$10,000,000, under the same terms and conditions as those under which it is authorized to issue and sell said \$10,000,000 of definitive bonds.
2. San Diego Gas & Electric Company shall invite the submission of written sealed bids for the purchase of said \$10,000,000 of bonds, such invitation for bids to be published at least five (5) days prior to the date set for the opening of the bids.
3. San Diego Gas & Electric Company shall use the proceeds, received through the issue and sale of said bonds, (a) to pay its expenses incident to the issue and sale of said bonds, (b) to pay outstanding notes in the amount of \$3,200,000, (c) to reimburse itself for moneys heretofore expended for the acquisition of property or for the construction, completion, extension or improvement of its facilities and not secured by or obtained from the issue of stocks or stock certificates, or other evidences of interest or ownership, or bonds, notes or other evidences of indebtedness and (d) to finance in part its construction program set forth in Exhibit "B" on file in this application. The ac-

crued interest may be used by San Diego Gas & Electric Company for general corporate purposes. Upon the payment of said \$3,200,000 of notes, said \$2,500,000 of applicant's first mortgage bonds, 2-3/4% series due December 1, 1981, pledged as collateral to secure the payment of outstanding notes, shall be returned to applicant and canceled by it.

4. San Diego Gas & Electric Company may execute a second supplemental indenture in, or substantially in, the same form as the indenture on file in this application as Exhibit "F".

5. The authority herein granted to issue and sell said \$10,000,000 of bonds will become effective when the Public Utilities Commission by a supplemental order has fixed the price at which San Diego Gas & Electric Company may sell said \$10,000,000 of bonds, and when San Diego Gas & Electric Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is three thousand nine hundred (\$3,900.00) dollars. The authority herein granted to invite bids for the purchase of said bonds and to execute a Second Supplemental Indenture is effective upon the date hereof.

6. San Diego Gas & Electric Company shall file with the Public Utilities Commission such report, or reports, as are required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

7. Within thirty (30) days after the issue and sale of said \$10,000,000 of bonds, San Diego Gas & Electric Company shall file with the Public Utilities Commission a complete copy of the registration statement filed with the Securities and Exchange Commission, except the exhibits referred to therein which have been heretofore filed with the Public Utilities Commission.

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8. Within six (6) months after the issue and sale of said \$10,000,000 of bonds, San Diego Gas & Electric Company shall file with the Public Utilities Commission a statement showing in detail the expenses incurred by it in connection with the issue and sale of said \$10,000,000 of bonds.

Dated at San Francisco, California, this 24th day of February, 1948.

R. Z. [unclear]
Justin F. Caerwen
Frank [unclear]
Harold P. [unclear]
Samuel [unclear]
 Commissioners

