

ORIGINAL

Decision No. 43526

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 enter)
into a Loan Agreement and to issue)
notes pursuant thereto.)
----- :

Application
No. 30757

O P I N I O N

In this application, San Diego Gas & Electric Company asks permission to enter into a loan agreement to obtain from a group of banks a line of credit of not exceeding \$8,000,000 in the aggregate, and issue and sell notes to evidence the loans made under the agreement. A copy of the loan agreement and form of note are on file in this application as Exhibit C.

Applicant 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 to a limited extent, in selling high and low pressure steam service in the City of San Diego.

In Exhibit A applicant shows its uncapitalized construction expenditures at \$4,972,643.36. In Exhibit B applicant estimates its construction expenditures for the period August 31, 1949, to December 31, 1950, at \$19,531,429.

To finance temporarily part of said expenditures, applicant has arranged for bank loans in the amount of not exceeding

\$8,000,000. The following statement shows the names of the banks who are parties to the loan agreement, and the commitment of each bank:

<u>Name of Bank</u>	<u>Commitment</u>
The Anglo California National Bank of San Francisco	\$ 500,000.00
Bank of America National Trust and Savings Association	5,900,000.00
The Bank of California, National Association	1,000,000.00
The First National Trust and Savings Bank of San Diego	400,000.00
San Diego Trust & Savings Bank	100,000.00
Security Trust & Savings Bank of San Diego	100,000.00
Total	<u>\$8,000,000.00</u>

Under the agreement, Bank of America National Trust and Savings Association will act as agent for the several banks. Applicant may borrow, repay and reborrow to and including December 31, 1951, an amount equal to each bank's commitment, but the final maturity of loans made under the agreement shall not be later than December 31, 1951. Each borrowing shall be made pro rata from the banks in proportion to their respective commitments, and shall be made in the aggregate sum of \$800,000 or any integral multiple thereof.

To evidence its loans from the several banks, applicant will issue its unsecured notes. The notes will be payable on such dates, not later than December 31, 1951, as may be designated by applicant. Each note shall bear interest from its date on the entire principal amount thereof remaining unpaid, payable monthly on the first day of each calendar month and on each date on which a payment on the principal thereof is made, at the following rates per month during the following periods:

"During all or any portion of the period of one year after the date of this Agreement, either (1) two per cent (2%) or

(ii) one-half of one per cent ($\frac{1}{2}$ of 1%) in excess of the rediscount rate per annum of the Federal Reserve Bank of San Francisco for ninety-day commercial paper prevailing on the last preceding first day of a calendar month, whichever of the percentages under (i) or (ii) is the greater, but (iii) in no event in excess of two and three-eighths per cent ($2\frac{3}{8}\%$); and

"During any period after one year from the date of this Agreement, either (i) two and one-fourth per cent ($2\frac{1}{4}\%$) or (ii) three-fourths of one per cent ($\frac{3}{4}$ of 1%) in excess of the rediscount rate per annum of the Federal Reserve Bank of San Francisco for ninety-day commercial paper prevailing on the last preceding first day of a calendar month, whichever of the percentages under (i) or (ii) is the greater, but (iii) in no event in excess of two and three-eighths per cent ($2\frac{3}{8}\%$)."

In addition to the interest payments, applicant must pay quarterly a commitment fee of $\frac{3}{8}$ of 1% per annum on the daily average unused amount of the commitment during the preceding quarter, but no commitment fee is to accrue prior to January 1, 1950. Applicant may terminate or proportionately reduce the credit commitments of the banks at any time by notice in writing to the agent stating (i) the aggregate amount of the reduction (which shall be in the amount of \$800,000 or any integral multiple thereof), and (ii) the effective date of such total or partial termination which shall be not less than 10 days after the giving of such notice. After the effective date of the notice, the commitment fee shall accrue only on the untermiated portion of the remaining commitments of the banks which is unused by applicant.

It is the intention of applicant in due time to issue its stocks or bonds to pay, in whole or in part, loans obtained from the several banks.

The Commission has been advised that no fee or remuneration will be paid for negotiating the loan agreement. The order in Decision No. 38614, dated January 15, 1946, does not require applicant to invite sealed bids for the purchase of the notes.

O R D E R

The Commission has considered this application and is of the opinion that a hearing thereon is not necessary, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by San Diego Gas & Electric Company for the purposes herein stated, that such purposes 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, after the effective date hereof and on or before December 31, 1949, may execute a loan agreement substantially in the form of the agreement on file in this application as Exhibit C, and from time to time, after the effective date hereof and on or before December 31, 1951, may issue and sell notes pursuant to the provisions of said loan agreement.
2. San Diego Gas & Electric Company shall use the proceeds obtained from the issue and sale of said notes to finance in part its construction expenditures referred to in Exhibit A and in Exhibit B on file in this application.
3. The authority herein granted will become effective twenty (20) days after the date hereof, and when San Diego Gas & Electric Company has paid the fee prescribed by Section 57 of the Public Utilities Act.
4. Within thirty (30) days after the execution of said loan agreement, San Diego Gas & Electric Company shall file with the Commission two (2) copies of said loan agreement as executed.

5. Within sixty (60) days after the issue of any notes to evidence loans made under said loan agreement, San Diego Gas & Electric Company shall file with the Commission a copy of each note so issued, and a statement showing the purposes for which the money obtained through the issue of the notes was expended.

Dated at San Francisco, California, this 15th day of November, 1949.

R. F. [Signature]
Justice J. [Signature]
[Signature]
[Signature]
Commissioners

