

ORIGINAL

Decision No. 46805

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA GAS COMPANY, a)
 corporation, for an order authorizing)
 it to issue and sell \$30,000,000)
 First Mortgage Bonds, Series A, due)
 1982, to mortgage its properties, and)
 to execute and deliver to American)
 Trust Company, as Trustee, a Supple-)
 mental Indenture dated as of April 1,)
 1952.)
 -----)

Application
No. 33158

O P I N I O N

Southern California Gas Company has filed this application for authority to issue and sell \$30,000,000 in principal amount of a new series of bonds to be known as First Mortgage Bonds, Series A, due 1982, for the purpose of paying indebtedness in favor of Pacific Lighting Corporation, of reimbursing its treasury, and of financing the cost of construction expenditures, and for authority to execute a supplemental indenture dated as of April 1, 1952, defining the terms of said new series of bonds and confirming the lien of the original indenture upon certain property which has been acquired since the date of said indenture. Applicant proposes to offer the bonds for sale at competitive bidding, the successful bidder to designate the interest rate.

In making its present requests, applicant reports that it will have need for \$40,646,000 during 1952 in order to meet estimated gross construction costs of \$32,498,000 and to pay indebtedness to Pacific Lighting Corporation which amounted to \$8,148,000 on January 1, 1952, and that it proposes to obtain such funds from the following sources:

Proceeds of bond issue	\$30,000,000
Depreciation reserve funds	4,792,000
Other sources	<u>5,854,000</u>
Total	<u>\$40,646,000</u>

The estimated construction expenditures, according to the proposed prospectus to be issued in connection with the bonds now under consideration, include the following:

1. Mains, meters, and services to supply new customers	\$11,140,000
2. Distribution and transmission system betterments and replacements	12,961,000
3. Buildings, including new buildings for offices, shops, warehouses, and alterations and improvements of existing buildings	4,300,000
4. Company's share of cost of pipelines, compressor station equipment and miscellaneous facilities to be used in connection with the transmission of Texas gas	2,982,000*
5. Miscellaneous, including motor transport equipment, land, furniture	<u>1,115,000</u>
Total	<u>\$32,498,000</u>

* Entire estimated cost is \$3,976,000 during 1952 and \$3,148,000 during 1953, of which the company's share is 3/4ths, and the share of its affiliate, Southern Counties Gas Company of California, is 1/4th.

It appears that in meeting capital requirements applicant, among other things, has issued bonds, shares of preferred and common stock, and has used earnings from operations. Its capital structure as of December 31, 1951, adjusted to give effect to the proposed issue of bonds, is shown below:

	Amount	Percent
<u>Funded Debt - First Mortgage Bonds</u>		
3-1/4% Series due 1970	\$29,664,000	
2-7/8% Series due 1977	11,905,000	
3-1/4% Series due 1978	15,000,000	
2-7/8% Series due 1980	24,763,000	
Series A, due 1982	<u>30,000,000</u>	
	\$111,332,000	51.3%
<u>Preferred Stock</u>		
6% Cumulative	\$ 2,711,550	
6% Cumulative, Series A	<u>19,575,800</u>	
	22,287,350	10.2
<u>Common Stock Equity</u>		
Common Stock	\$65,000,000	
Premium on Common Stock	2,400,000	
Earned Surplus	<u>16,150,403</u>	
	83,550,403	38.5
Total	<u>\$217,169,753</u>	<u>100.0%</u>

A review of the application clearly indicates that applicant will have need for the proceeds from the sale of its bonds to enable it to pay indebtedness and to proceed with its construction program.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the bonds herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Southern California Gas Company, after the effective date hereof and on or before June 30, 1952, may invite the submission of bids for the purchase of not exceeding \$30,000,000 in principal amount of First Mortgage Bonds, Series A, due 1982.
2. Southern California Gas Company, after the effective date hereof and on or before June 30, 1952, may issue and sell said \$30,000,000 of bonds at a price to be fixed by the Commission in a supplemental order in this proceeding.
3. Southern California Gas Company, after the effective date hereof and on or before June 30, 1952, may execute a supplemental indenture dated as of April 1, 1952, in substantially the same form as that filed in this proceeding as Exhibit C.

4. Southern California Gas Company shall use the proceeds, other than accrued interest, to be derived through the issue and sale of the bonds herein authorized for the purposes set forth in this application. The accrued interest may be used for general corporate purposes.

5. Southern California Gas Company shall file with the Commission a report, or reports, showing the amount of bonds issued and sold under the authority herein granted, the names of those to whom the bonds were sold, and the price at which they were sold.

6. The authority herein granted to publish invitations for bids is effective upon the date hereof. The authority herein granted to execute a supplemental indenture and to issue and sell bonds will become effective when the Commission by a supplemental order has fixed the price at which said bonds may be sold, and when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is ten thousand five hundred (\$10,500.00) dollars.

7. Within thirty (30) days after the issue and sale of said bonds, Southern California Gas Company shall file with the Commission three (3) copies of its prospectus. Within six (6) months after such issue and sale it shall file a statement showing in some detail the expenses incurred by it incident thereto and the account, or accounts, to which such expenses were charged.

Dated at Los Angeles, California, this 4th day of March, 1952.

A. J. [Signature]
President
Justice J. [Signature]
[Signature]

Commissioners
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
18141
MAR 5 - 1952
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[Signature]