

ORIGINAL

Decision No. 46823

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 issue )  
 and sell \$12,000,000 principal amount )  
 of its First Mortgage Bonds, Series D )  
 due 1982. )  
 ----- )

Application  
No. 33167

O P I N I O N

San Diego Gas & Electric Company reports that it intends to offer for sale at competitive bidding a new series of bonds in the principal amount of \$12,000,000 to be known as First Mortgage Bonds, Series D due 1982. In this application it seeks authorization to execute a supplemental indenture and to issue and sell said \$12,000,000 of bonds for the purpose of paying notes issued and outstanding under its loan agreement and of reimbursing its treasury for moneys actually expended from income, or from other moneys not secured by or obtained from the sale of securities, for the acquisition of property or the construction, completion, extension or improvement of its facilities on or prior to December 31, 1951.

The application shows that heretofore applicant executed a trust indenture, dated July 1, 1940, and two subsequent indentures supplemental thereto, and that it issued pursuant to the terms thereof, and on December 31, 1951, had outstanding, first mortgage bonds in the aggregate principal amount of \$26,000,000. The application further shows that pursuant to authority granted by the Commission applicant entered into a loan agreement providing for bank loans up to an aggregate of \$8,000,000, represented by notes,

and that at the close of 1951 it had \$2,400,000 of such notes outstanding. Exhibit C filed in this proceeding shows that it used the proceeds from its bonds and notes, along with proceeds from the sale of shares of preferred and common stocks and earnings, to finance in part construction costs and costs of redeeming bonds and notes. Its capital structure as of December 31, 1951, adjusted to give effect to the proposed issue of bonds and the payment of its notes, is shown below:

<u>First mortgage bonds -</u>		
3-3/8% Series due 1970	\$16,000,000	
3% Series C due 1978	10,000,000	
Series D due 1982	<u>12,000,000</u>	
Total first mortgage bonds	<u>38,000,000</u>	41.5%
<u>Preferred stock -</u>		
Cumulative 5% Series	7,500,000	
Cumulative 4-1/2% Series	6,000,000	
Cumulative 4.4% Series	<u>6,500,000</u>	
Total preferred stock	<u>20,000,000</u>	21.8
<u>Equity capital -</u>		
Common stock	24,000,000	
Premium on capital stock	4,221,369	
Surplus	<u>5,371,884</u>	
Total equity capital	<u>33,593,253</u>	<u>36.7</u>
Total	<u>\$91,593,253</u>	<u>100.0%</u>

In Exhibit C applicant reports expenditures of \$10,697,894.09 up to December 31, 1951, for construction purposes and for the redemption of bonds and notes, which expenditures have not been paid or provided through the issue of securities, through contributions or through net increases in its depreciation reserves.

As to applicant's need for additional funds, it appears that at the close of 1951 its current assets amounted to \$6,711,792.42 and its current liabilities, exclusive of bank loans and advances for construction, to \$8,496,687.96. In addition, applicant reports that it has made further bank borrowings since the beginning of the year and that it expects such borrowings will aggregate \$5,600,000 prior to the issue and sale of the bonds with respect to which this

application is filed. In this connection it reports its budget construction expenditures for the year 1952 at \$18,738,000, segregated as follows:

Electric Department -		
Production	\$7,865,300	
Transmission	2,323,400	
Distribution	<u>4,464,200</u>	\$14,652,900
Gas Department -		
Production	52,000	
Transmission	5,000	
Distribution	<u>2,946,400</u>	3,003,400
Steam Sales Department		23,700
General Department		<u>1,058,000</u>
	Total	<u>\$18,738,000</u>

A review of the application clearly indicates that applicant will have need for the proceeds from the sale of its bonds to pay indebtedness and to reimburse its treasury in order to improve its cash position and to enable it to proceed with its construction program. Accordingly, a preliminary order will be entered at this time. At a later date the Commission will give further consideration to this matter upon the filing by applicant of a supplemental application showing the amount of notes to be paid, the price at which it desires to sell its bonds, the interest rate and the redemption provisions, and a copy of the supplemental indenture completed in the form proposed to be executed.

Applicant requests it be authorized to publish its invitation for bids for the purchase of its bonds five days prior to the date fixed for opening said bids, in lieu of the ten days specified in the Commission's competitive bidding rule. This request will be granted.

#### 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 and sale 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. San Diego Gas & Electric Company, after the effective date hereof and on or before June 30, 1952, may issue and sell, for the purposes specified herein, \$12,000,000 principal amount of its First Mortgage Bonds, Series D due 1982, such sale to be made at a price to be fixed by the Commission in a supplemental order in this proceeding.
2. San Diego Gas & Electric Company, after the effective date hereof and on or before June 30, 1952, shall invite the submission of written sealed bids for the purchase of said bonds, such invitation for bids to be published not less than five (5) days prior to the date fixed for the opening of said bids.
3. Applicant shall apply the proceeds, exclusive of accrued interest, to be received through the issue and sale of said bonds for the purposes set forth in its application in this proceeding. The accrued interest may be used for said purposes or for general corporate purposes.
4. The authority herein granted to issue and sell said bonds will become effective when the Commission by supplemental order, or orders, has authorized applicant to execute and deliver a supplemental indenture and has fixed the price at which applicant may sell

said bonds, and when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code. The authority herein granted to invite bids for the purchase of said bonds is effective upon the date hereof.

5. Within sixty (60) days after the issue and sale of the bonds herein authorized, applicant shall file with the Commission three (3) copies of its prospectus, and a report showing the names of those to whom said bonds were sold, the amount sold to each, and the consideration received.

6. Within six (6) months after the issue and sale of said bonds, applicant shall file with the Commission a statement showing in detail the expenses incurred by it in connection with such issue and sale, and the account, or accounts, to which such expenses were charged.

Dated at San Francisco, California, this 11<sup>th</sup> day of March, 1952.

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President  
  
  
  
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Commissioners

