

ORIGINAL

Decision No. 49455

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. 34965

O P I N I O N

San Diego Gas & Electric Company, applicant herein, is a California corporation 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, manufacturing and selling high and low pressure steam in the City of San Diego. In this application it seeks authorization to enter into a loan agreement providing for a revolving credit of \$10,000,000 and to issue and sell its notes pursuant to the terms of said agreement.

The application shows that applicant has made tentative arrangements with a group of banks to obtain a line of credit in the aggregate amount of \$10,000,000 until June 30, 1956. Under the terms of the proposed agreement, applicant's borrowings will be represented by notes dated in each case as of the date of borrowing and payable not later than June 30, 1956, with interest at the rate of one-quarter of one percent more than Bank of America National Trust and Savings Association's prime commercial interest rate in effect as at the time such interest becomes due and payable, provided that in no event shall the interest rate be greater than

3-3/4% per annum or less than 3-1/4% per annum. The agreement further provides that applicant may borrow, repay and reborrow up to the aggregate amount of the credit.

The purpose of the proposed financing is to provide applicant with temporary funds to meet its construction costs. As shown in some detail in Exhibit B, applicant estimates that during the 14 months ending December 31, 1954, its capital expenditures will aggregate \$30,049,200, segregated as follows:

Electric Department -	
Production	\$11,149,600
Transmission	4,167,500
Distribution	8,232,400
Total electric department	<u>23,549,500</u>
Gas Department -	
Production	110,100
Storage	245,900
Transmission	74,400
Distribution	3,051,500
Total gas department	<u>3,481,900</u>
Steam Department	9,000
General Department	<u>3,008,800</u>
Total	<u>\$30,049,200</u>

It appears that as applicant has proceeded with its construction program it has met its requirements, in part, with temporary borrowings and from time to time has issued and sold bonds and shares of preferred and common stock to permanently finance its costs. Exhibit A indicates its capital structure as of October 31, 1953, as follows:

First mortgage bonds	\$ 38,000,000	36%
Preferred stock	20,000,000	19
Common stock equity -		
Common stock	32,000,000	
Premium on stock	6,861,369	
Surplus	8,330,725	
Total common stock equity	<u>47,192,094</u>	45
Totals	<u>\$105,192,094</u>	100%

Applicant reports that it proposes to issue and sell approximately \$17,000,000 of first mortgage bonds on or about April 1, 1954, to pay indebtedness and to finance construction.

From a review of this application it appears that applicant will have need for the money to be obtained under the loan agreement and that an order should be entered granting its request.

ORDER

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes 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 may execute a loan agreement, on or before February 28, 1954, in substantially the same form as that filed in this proceeding as Exhibit D and, under and pursuant to the terms of said agreement, may issue and reissue not to exceed in the aggregate \$10,000,000 of notes for the purpose of paying indebtedness and of financing construction costs.

2. Within 30 days after the issue of any notes under the authorization herein granted, applicant shall file with the Commission a report of said issue, together with a statement indicating the purposes for which the proceeds were used.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$5,500.00.

Dated at San Francisco, California, this 21st day of December, 1953.

R. Z. [Signature]
President

Justina J. [Signature]

[Signature]

[Signature]

[Signature]
Commissioner's

