

ORIGINAL

Decision No. 49734

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 \$17,000,000 principal amount)
 of its First Mortgage Bonds, Series E)
 due 1984.)
 -----)

Application
No. 35143

O P I N I O N

In this application San Diego Gas & Electric Company seeks authorization to issue and sell \$17,000,000 in aggregate principal amount of its First Mortgage Bonds, Series E due 1984.

The purpose of the proposed financing is to provide applicant with funds for the retirement and discharge of all the promissory notes issued and outstanding under its loan agreement on the date of the issue and sale of the bonds, for the reimbursement of its treasury, and for the acquisition of property or the construction, completion, extension or improvement of applicant's facilities.

Applicant reports that it expects to have \$9,000,000 in notes outstanding under its loan agreement prior to the issue and sale of the bonds requested in this application. It further reports that its uncapitalized construction as of December 31, 1953, amounted to \$13,918,795.67 as shown in some detail in Exhibit C, and that it is faced with additional expenditures during 1954 in the amount of \$26,869,500, segregated as follows:

Electric	
Production	\$ 9,549,800
Transmission	3,795,700
Distribution	8,034,800
Total electric	<u>21,380,300</u>
Gas	
Production and storage	42,000
Transmission	72,000
Distribution	2,849,900
Total gas	<u>2,963,900</u>
Steam	5,000
General	<u>2,520,300</u>
Total	<u>\$26,869,500</u>

From time to time applicant has issued bonds and shares of preferred and common stock to finance its expenditures for plant. Its capital ratios as reflected by its balance sheet of December 31, 1953, excluding its bank loans, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>Dec. 31, 1953</u>	<u>Pro Forma</u>
Bonds	36%	45%
Preferred stock	19	16
Common stock equity	<u>45</u>	<u>39</u>
Totals	<u>100%</u>	<u>100%</u>

Applicant intends to offer its bonds for sale at competitive bidding. At this time it contemplates its registration statement will become effective on or about March 22, 1954. It requests that it be authorized to publish the invitation for bids not less than five days prior to the date set for opening of the same, in lieu of the period of ten days required by the Commission's competitive bidding rule.

A review of this application indicates that applicant will have need for funds from external sources as it proceeds with its construction activities, that the issue of bonds at this time is desirable, and that a preliminary order should be entered generally approving the financial program but retaining for the Commission jurisdiction over the proposed issue.

O R D E R

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 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, on and after the effective date hereof and on or before July 31, 1954, may publish its invitation for bids for the purchase of \$17,000,000 of First Mortgage Bonds, Series E due 1984, not less than five days prior to the date fixed for the opening of said bids.

2. San Diego Gas & Electric Company, on and after the effective date hereof and on or before July 31, 1954, may issue and sell said \$17,000,000 of bonds at a price to be fixed by the Commission in a supplemental order.

3. San Diego Gas & Electric Company, on and after the effective date hereof and on or before July 31, 1954, may execute a Fourth Supplemental Indenture, dated as of April 1, 1954, in, or substantially in, the same form as that filed in this proceeding as Exhibit D.

4. San Diego Gas & Electric Company shall use the proceeds to be obtained through the issue and sale of said \$17,000,000 of bonds, exclusive of accrued interest, for the following purposes: ✓

(a) For the retirement and discharge of all of the promissory notes issued and outstanding under applicant's said loan agreement on the date of such issue and sale.

(b) To reimburse applicant for monies actually expended for the acquisition of the property, or the construction, completion, extension or improvement of applicant's facilities, which monies were actually expended from income or from other money in the treasury of applicant not secured by or obtained from the issue of stocks or stock certificates or other evidence of interest or ownership, or bonds, notes or other evidences of indebtedness.

(c) The balance, if any, for the acquisition of property, or the construction, completion, extension or improvement of applicant's facilities.

5. The authority herein granted to issue and sell said \$17,000,000 of bonds will not become effective until the Commission by a supplemental order has fixed the price at which applicant may sell said bonds. In other respects, the authority herein granted will become effective upon the date hereof.

6. Within 30 days after the issue and sale of the bonds herein authorized, applicant shall file with the Commission three 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.

7. Within six 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 it charged such expenses.

Dated at San Francisco, California, this 2nd day of March, 1954.

A. Z. Johnson
President

Justin D. Caswell

Bennett Potts

W. E. Mitchell

Warne Boggs
Commissioners