

ORIGINAL

Decision No. 49932

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN COUNTIES GAS COMPANY)
OF CALIFORNIA, a corporation, for)
an Order authorizing it to issue)
and sell \$15,000,000 First Mortgage)
Bonds, Series A, due 1984, to)
mortgage its properties, and to)
execute and deliver to American)
Trust Company, as Trustee, a)
Supplemental Indenture dated as of)
May 1, 1954.)
-----)

Application
No. 35314

O P I N I O N

In this application Southern Counties Gas Company of California, a corporation engaged in the purchase, distribution and sale of gas in the southern portion of the state, seeks authorization to issue and sell, at competitive bidding, \$15,000,000 in principal amount of a new series of bonds to be known as First Mortgage Bonds, Series A, due 1984, for the purpose of paying indebtedness to Pacific Lighting Corporation, reimbursing its treasury and financing in part the acquisition of property and the construction, completion, extension and improvement of facilities. Applicant also requests permission to execute a supplemental indenture dated May 1, 1954, defining the terms of said new series of bonds and confirming the lien of the original indenture of January 1, 1941, upon certain property which subsequently has been acquired.

According to information filed in this proceeding, applicant's cash requirements for capital purposes during 1954 will be \$17,477,000, segregated as follows:

Payment of short-term debt due Pacific Lighting Corporation at January 1, 1954	\$ 4,647,000
Sinking fund payment	499,000
Reimbursement of company's treasury funds	801,000
Mains, meters and services to supply new customers	7,585,000
Distribution and transmission system betterments and replacements	2,637,000
Construction and alterations of buildings	641,000
Miscellaneous, including motor transport equipment, land and furniture	<u>667,000</u>
Total	<u>\$17,477,000</u>

Applicant estimates that the indebtedness to Pacific Lighting Corporation will have increased to \$6,500,000 by May 1, 1954. It reports it intends to use the bond proceeds first to discharge this indebtedness and thereafter to meet the other requirements indicated in the tabulation. It appears that during the year there will be approximately \$2,477,000 available to applicant from internal sources to meet the 1954 capital costs and \$15,000,000 from the sale of the bonds covered by this application.

From time to time applicant has issued bonds and shares of common stock to finance its expenditures for plant. Its capital ratios as reflected by its balance sheet of February 28, 1954, excluding its short-term loans, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>Feb. 28, 1954</u>	<u>Pro Forma</u>
Bonds	41.7%	50.5%
Common stock equity	<u>58.3</u>	<u>49.5</u>
Totals	<u>100.0%</u>	<u>100.0%</u>

Applicant intends to offer its bonds for sale at competitive bidding. At this time it contemplates its invitation for bids will be published on or about April 27, 1954, and it requests that it be authorized to publish such invitation not less than six days prior to the date set for opening the same, in lieu of the period of ten days required by the Commission's competitive bidding rule.

A review of the application indicates that applicant will have need for the proceeds from the sale of its bonds to enable it to pay indebtedness and to meet in part its capital requirements, and that the Commission is warranted in making a preliminary order authorizing the issue of the bonds. Upon receiving a supplemental application setting forth the price and interest rate at which applicant desires to sell its bonds, the Commission will give further consideration to the matter.

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 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 Counties Gas Company of California, after the effective date hereof and on or before June 30, 1954, may publish an invitation for bids for the purchase of not exceeding \$15,000,000 in principal amount of its First Mortgage Bonds, Series A, due 1984, and may open such bids not less than six days after the date of first publication of said invitation.

2. Southern Counties Gas Company of California, after the effective date hereof and on or before June 30, 1954, may issue and sell said \$15,000,000 of bonds at a price to be fixed by the Commission in a supplemental order in this proceeding.

3. Southern Counties Gas Company of California may execute and deliver a supplemental indenture in, or substantially in, the same form as that filed in this proceeding as Exhibit C.

4. Southern Counties Gas Company of California shall use the proceeds to be received from the issue and sale of said \$15,000,000 of bonds, other than accrued interest, for the purposes set forth in this proceeding. The accrued interest may be used for such purposes or for general corporate purposes.

5. 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.

6. The authority herein granted to publish an invitation 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(b) of the Public Utilities Code, which fee is \$6,750.00.

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

Dated at San Francisco, California, this 20th day of April, 1954.

R. Z. [Signature]
President

[Signature]

[Signature]
[Signature]

[Signature]
Commissioners

