

ORIGINAL

Decision No. 52184

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 \$18,000,000 principal amount)
 of its First Mortgage Bonds Series F)
 due 1985.)
 -----)

Application
No. 37371

O P I N I O N

In this application, San Diego Gas & Electric Company seeks authorization to issue and sell \$18,000,000 in principal amount of its First Mortgage Bonds, Series F, due 1985.

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 August 31, 1955, amounted to \$16,094,246.91, as shown in some detail in Exhibit C, and that it is faced with additional expenditures during 1955 in the amount of \$14,635,800, segregated as follows:

Electric	
Production	\$8,414,900
Transmission	1,087,700
Distribution	<u>2,029,800</u>
Total electric	11,532,400
Gas	
Storage	241,800
Transmission	679,600
Distribution	<u>1,025,000</u>
Total gas	<u>1,946,400</u>
Steam	4,000
General	<u>1,153,000</u>
Total	<u>\$14,635,800</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 August 31, 1955, excluding its bank loans, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>August 31, 1955</u>	<u>Pro Forma</u>
Bonds	40%	47%
Preferred stock	15	13
Common stock equity	<u>45</u>	<u>40</u>
Totals	<u>100%</u>	<u>100%</u>

Applicant intends to offer its bonds for sale at competitive bidding, the price and the interest rate to be specified in the bid to be accepted by it. At this time it contemplates its registration statement will become effective on or about November 21, 1955, and, in order to expedite the securing of such competitive bids, 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 the application shows that applicant will have

need for funds from the sale of permanent securities to enable it to liquidate its current obligations and to proceed with its construction program and that its capital ratios lend themselves to the issue and sale of the bonds requested in this application. Accordingly, we will enter an order granting applicant's requests.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that 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 December 31, 1955, may invite the submission of written sealed bids for the purchase of \$18,000,000 in aggregate principal amount of its First Mortgage Bonds, Series F due 1985, such invitation for bids to be published at least five days prior to the date set for the opening of the bids.
2. San Diego Gas & Electric Company may issue and sell said \$18,000,000 of bonds at the price to be offered in said bids which will result in the lowest annual cost of money to applicant.
3. San Diego Gas & Electric Company may execute and deliver its Fifth Supplemental Indenture, dated as of October 1, 1955, 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 received from the issue and sale of said \$18,000,000 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) For the reimbursement of applicant's treasury for moneys actually expended for the acquisition of the property or the construction, completion, extension, or improvement of applicant's facilities on or prior to August 31, 1955, which moneys were actually expended from income or from other money in the treasury of applicant not secured by or obtained from the issue of stock or stock certificates or other evidence of interest or ownership, or bonds, notes or other evidences of indebtedness, and

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

The accrued interest to be received may be used for said purposes or for general corporate purposes.

5. Immediately upon awarding the contract for the sale of said \$18,000,000 of bonds, San Diego Gas & Electric Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based on such price and interest rate.

6. Within 30 days after the issue and sale of the bonds herein authorized, San Diego Gas & Electric Company shall file a report with the Commission showing the date on which such bonds were sold, the names of those to whom sold, the amount sold to each and the consideration received, together with three copies of its prospectus.

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.

8. The authority herein granted will become effective when San Diego Gas & Electric Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$7,500.

MG Dated at San Francisco, California, this 1st day of November ~~October~~, 1955.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
PAID
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\$7500.00
BY [Signature]