

ORIGINAL

58626

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
SOUTHWEST GAS CORPORATION)
for authority to carry out the terms)
and conditions of a loan agreement)
and to issue evidences of)
indebtedness thereunder)

Application No. 41193

OPINION AND ORDER

This is an application for an order of the Commission authorizing Southwest Gas Corporation to execute a loan agreement with Bank of America National Trust and Savings Association and to issue its promissory notes in the aggregate principal amount of not to exceed \$1,100,000.

According to the proposed agreement, the bank, at any time and from time to time, will make loans to applicant up to an aggregate amount of \$1,100,000 to be evidenced by promissory notes maturing not more than 90 days from their date, but in no event later than December 31, 1960, at an interest rate equal to 1/2 of 1% in excess of the bank's then prime commercial rate. The company agrees to pay a commitment fee computed on the daily average unused amount of the credit at the rate of 1/2 of 1% per annum.

Information filed with the Commission shows that the company is engaged in a construction program calling for expenditures of \$1,142,683 during the fiscal year ending September 30, 1959, and \$850,000 during the fiscal year ending September 30, 1960.

a total of \$1,992,683 for the two-year period. The application shows that the company proposes to obtain \$1,100,000 from its bank loans and the remainder from internal and other sources. Applicant anticipates that it will do permanent financing prior to the expiration of the loan agreement and it reports that the proceeds from such permanent financing will be applied first to the liquidation of all indebtedness incurred under its loan agreement.

From a review of the application, it appears that the company will have need for temporary financing to enable it to proceed with its construction program. We are of the opinion that a public hearing is not necessary in this proceeding; that the money, property or labor to be procured or paid for by the execution of the loan agreement and the issue of the notes herein authorized is reasonably required for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Southwest Gas Corporation, on and after the effective date hereof and on or before December 31, 1960, may execute a loan agreement in, or substantially in, the same form as that filed in this proceeding as Exhibit B and, pursuant to the terms thereof, may issue and reissue promissory notes up to an aggregate amount of not to exceed \$1,100,000 for the purpose of financing construction costs.

2. Within 30 days after the execution of said loan agreement, Southwest Gas Corporation shall file three copies of the same with the Commission. Within 30 days after the issue of each note under the authorization herein granted, it shall file a

report with the Commission showing the date of issue of said note, the date of maturity, the rate of interest and the amount, together with a statement showing, in general, the purpose for which the issue was made.

3. The authorization herein granted is for the execution of a loan agreement and the issue of notes and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

4. The authority herein granted will become effective when Southwest Gas Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,050.

Dated at San Francisco, California, this 23rd day of June, 1959.

E. J. Fox
President

W. C. Mitchell

Malcolm Deane

Theodore J. Jones

Ernest R. ...
Commissioners

