

ORIGINAL

Decision No. 60790

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of PACIFIC LIGHTING GAS SUPPLY
COMPANY, a corporation, for an
order authorizing it to issue
and sell \$25,000,000 Sinking
Fund Debentures, Series A, due
1980, and to execute and deliver
to Wells Fargo Bank American
Trust Company, as Trustee, an
Indenture dated as of October 1,
1960.

Application No. 42636

O P I N I O N

On September 2, 1960, Pacific Lighting Gas Supply Company filed this application for authorization to execute and deliver an indenture and to issue and sell \$25,000,000 principal amount of debentures.

Heretofore, applicant has not engaged in long-term debt financing, and the proposed debentures will constitute a first series which will be designated Sinking Fund Debentures, Series A, due 1980. They will be dated October 1, 1960, will mature October 1, 1980, and will be subject to redemption as set forth in the proposed indenture, which, however, provides that the company shall not have the right to redeem any of said debentures prior to October 1, 1965 (other than for sinking fund purposes), as a part of a refunding, or anticipated refunding, operation, by incurring a debt which would cost the applicant less interest than that pertaining to the debentures. Applicant proposes to offer the \$25,000,000 issue for sale at competitive

bidding at a price of not less than 99% of the principal amount, plus accrued interest, if any, the successful bid to determine the interest rate.

The purpose of the proposed financing is to provide applicant with funds to pay and discharge short-term indebtedness to Pacific Lighting Corporation; to pay costs incurred or to be incurred for the acquisition of property and the construction, completion, extension or improvement of its facilities; and to reimburse its treasury. Applicant estimates that its short-term indebtedness to Pacific Lighting Corporation will amount to \$19,500,000 on October 25, 1960, and that its gross capital additions and betterments for 1960 and 1961 will total \$28,555,000, segregated as follows:

34" Needles-Newberry pipeline	\$16,929,000
Underground storage facilities	7,317,000
Gaviota-Goleta 10" transmission line	1,104,000
Relocation of construction and storage headquarters	385,000
Miscellaneous (various pipeline construction, dehydration facilities, automotive equipment, furniture, etc.)	<u>2,820,000</u>
Total	<u>\$28,555,000</u>

The company reports its capital ratios, as of July 31, 1960, and as adjusted to give effect to the proposed debenture issue, as follows:

	<u>July 31, 1960</u>	<u>Pro Forma</u>
Series A debentures	None	32.1%
Common stock and surplus	<u>100.0%</u>	<u>67.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>

We have considered this application and based upon the information before us, we find and conclude (1) that applicant will have need for additional funds to meet its obligations and to proceed with its construction activities; (2) that the proposed issue of debentures is for a proper purpose; (3) that applicant will be required to pay a lower interest rate on the debentures than it would if the five-year restricted redemption feature were to be deleted and that the ensuing lower financial requirements should inure to the benefit of the consumers; and (4) that the money, property or labor to be procured or paid for by the issue of the debentures 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. On the basis of the foregoing findings, we will enter our order granting the application.

The authorization herein given is for the sale of debentures only 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.

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, therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Lighting Gas Supply Company, on or after the effective date hereof and on or before December 31, 1960, may execute and deliver an indenture dated as of October 1, 1960, in, or substantially in, the same form as that filed in this proceeding as Exhibit C.

2. Pacific Lighting Gas Supply Company may invite the submission of written sealed bids for the purchase of \$25,000,000 of its Sinking Fund Debentures, Series A, due 1980, such invitation to be published at least five days prior to the date set for the opening of the bids.

3. Pacific Lighting Gas Supply Company may issue and sell said \$25,000,000 of debentures at the price offered in said bids which will result in the lowest annual cost of money to applicant determined as set forth in this application.

4. Pacific Lighting Gas Supply Company shall use the proceeds from the sale of said debentures for the purposes set forth in this application. The accrued interest may be used for said purposes or for general corporate purposes.

5. Immediately upon awarding the contract for the sale of said \$25,000,000 of debentures, Pacific Lighting Gas Supply 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 upon such price and interest rate.

6. Within 30 days after the issue and sale of said debentures herein authorized, Pacific Lighting Gas Supply Company shall file a report with the Commission showing the date on which said debentures were sold, the names to whom sold, the amount sold to each and the consideration received, together with three copies of its prospectus.

7. This order will become effective when Pacific Lighting Gas Supply Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$9,250.

Dated at San Francisco, California,
this 21st day of September, 1960.

[Signature]
President
[Signature]
[Signature]
[Signature]
Theodore James
Commissioners

