

ORIGINAL

Decision No. 67411

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter 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. 46671
Filed May 27, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Southwest Gas Corporation to issue promissory notes pursuant to the terms and conditions of a loan agreement.

The company reports that it has arranged a line of credit with Bank of America National Trust and Savings Association pursuant to a loan agreement whereby the bank will lend and relend to it up to \$7,000,000 to and including September 30, 1964, and up to a reduced limit of \$5,000,000 from September 30, 1964 to and including September 30, 1966. The borrowings will be represented by 90-day promissory notes renewable so as to mature in no event later than September 30, 1966, with interest at the bank's prime commercial rate from time to time in effect. The company agrees to pay a commitment fee computed on the daily average unused amount of credit at the rate of one-quarter of 1% per annum.

Applicant reports that it had outstanding on April 30, 1964, a short term loan payable to the bank in the principal amount of \$4,500,000. The company asserts that it will be necessary for it to make additional short term borrowings at various intervals and to renew such borrowings for periods of more than twelve months after the date thereof in order to enable it to continue its construction program and to proceed with other capital improvements and acquisitions. The company intends to obtain permanent financing prior to the September 30, 1966 expiration date set forth in the loan agreement and, when it does so, it plans to apply the funds from such permanent financing first toward the liquidation of indebtedness incurred as a consequence of short term borrowing.

Applicant has appeared before the Commission in many proceedings including rate and financial matters and, in general, we are familiar with the company's operating results as well as its construction program and financing methods. A review of the company's filed annual reports indicates that in recent years its business volume and plant investment have been increasing rapidly. At the close of 1963 its reported gross plant in service and construction work in progress amounted to \$37,131,207 and \$6,507,378, respectively. For the year 1963 applicant reported gross operating revenues amounting to \$17,609,709.

The Commission has considered this matter and finds that: (1) the proposed notes are for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The action taken herein shall not be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Southwest Gas Corporation may carry out the terms and conditions of a loan agreement and, pursuant to said agreement, may issue and reissue promissory notes up to an aggregate principal amount of \$7,000,000 for the purposes set forth in this proceeding, which loan agreement and notes shall be in the same form, or in substantially the same form, as those attached to the application.

2. Southwest Gas Corporation shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Southwest Gas Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$4,000.

Dated at San Francisco, California,
this 23rd day of June, 1964.

[Signature] President
[Signature]
[Signature]
George J. Trover
Fredrick B. Hallock
 Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

