

Decision No. 71544**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN CALIFORNIA GAS)
COMPANY, a corporation, for an)
order authorizing it to issue)
and sell \$40,000,000 First)
Mortgage Bonds, Series G, due)
1991, to mortgage its properties,)
and to execute and deliver to)
Wells Fargo Bank (formerly)
named American Trust Company),)
as Trustee, a Supplemental)
Indenture dated as of)
December 1, 1966.)

Application No. 48894
Filed October 26, 1966

O P I N I O N

Southern California Gas Company has filed this application requesting authorization to issue and sell First Mortgage Bonds in the aggregate principal amount of \$40,000,000, and to execute a Supplemental Indenture.

Applicant's estimated cash requirements and contemplated sources of capital for the years 1966 and 1967, as set forth in the application, are summarized as follows:

Cash Requirements

Gross additions and betterments	\$60,800,000
Reimbursement of treasury	9,200,000
Cash sinking fund requirement for 1967	<u>5,100,000</u>
Total	<u>\$75,100,000</u>

Source of Funds

Minimum gross proceeds of new bond issue	\$40,000,000
Depreciation reserve funds	<u>35,100,000</u>
Total	<u>\$75,100,000</u>

The company's capital ratios as of September 30, 1966, and as adjusted to give effect to the proposed bond issue, are reported as follows:

	<u>September 30</u> <u>1966</u>	<u>Pro Forma</u>
Bonds	43.0%	47.9%
Preferred stock	5.2	4.8
Common stock equity	<u>51.8</u>	<u>47.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The contemplated issue will be designated as First Mortgage Bonds, Series G, due 1991. Said bonds will mature on December 1, 1991, and will be subject to a five-year restricted redemption provision similar to that frequently employed in bond offerings at the present time. The bonds will be secured by an existing indenture as heretofore supplemented and as further supplemented by a new Supplemental Indenture.

Pursuant to the competitive bidding requirements of the Commission, the company plans to issue and sell the \$40,000,000 of new bonds at a price and interest rate to be determined by the successful bid. The proceeds, other than accrued interest, will be applied toward (a) repaying and discharging short-term indebtedness, (b) reimbursing the company's treasury, and (c) financing the cost of acquisition of property and the construction, completion, extension or improvement of facilities. Accrued interest, if any, will be used for general corporate purposes, which may include any of the foregoing.

The Commission has considered this matter and finds that: (1) the proposed bond issue is for proper purposes; (2) applicant has need for funds from external sources for the purposes set forth in the application; (3) applicant will be required to pay interest at a lower effective rate than it would in the absence of the proposed restricted redemption provision; (4) the proposed Supplemental Indenture will not be adverse to the public interest; (5) the money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required for the purposes specified herein; and (6) such purposes, except as otherwise authorized for accrued interest, 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 authorization herein granted is for the purpose of this proceeding only and is not to 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. Southern California Gas Company may invite the submission of written sealed bids for the purchase of not to exceed \$40,000,000 aggregate principal amount of its First

Mortgage Bonds, Series G, due 1991, such invitation to be published at least five days prior to the date set for the opening of the bids.

2. Southern California Gas Company may execute and deliver a Supplemental Indenture in the same form, or in substantially the same form, as that filed in this proceeding as Exhibit B, and may issue and sell the not to exceed \$40,000,000 aggregate principal amount of bonds at the price offered in said bids which will result in the lowest annual cost of money calculated as set forth in the application.

3. Southern California Gas Company shall use the proceeds from the issue and sale of said bonds for the purposes specified in the application.

4. Immediately upon awarding the contract for the sale of said bonds, Southern California Gas 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.

5. Within thirty days after the issue and sale of the bonds herein authorized, Southern California Gas Company shall file with the Commission three copies of its prospectus relating to said bonds.

6. Within three months after such issue and sale, Southern California Gas Company shall file with the Commission

a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the bond proceeds were used.

7. This order shall become effective when Southern California Gas Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$13,000.

Dated at San Francisco, California, this 9th day of NOVEMBER, 1966.

[Signature]
President

George F. Grover

Fredrick B. Hoffhoff

[Signature]
Commissioners

