

ORIGINAL

Decision No. 71928

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
)	
of SOUTHWEST GAS CORPORATION)	Application No. 49072
)	Filed January 6, 1967
for Authority to Carry Out the)	and Amendment
Terms and Conditions of a Loan)	Filed January 13, 1967
Agreement and to Issue Evidences)	
of Indebtedness thereunder.)	
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O P I N I O N

This is an application for an order of the Commission authorizing Southwest Gas Corporation to issue notes in accordance with the terms and conditions of a Loan Agreement with Bank of America National Trust and Savings Association, superseding the agreement and modification thereof, authorized by Decision No. 67411, dated June 23, 1964, and Decision No. 71424, dated October 18, 1966, respectively, in Application No. 46671.

A copy of the Loan Agreement involved in this proceeding is attached to the amendment to the application as Exhibit A. Said agreement provides, among other things, that the bank will lend and relend to applicant up to \$8,500,000 to and including September 30, 1967, and up to an increased limit

of \$11,000,000 thereafter, to and including September 30, 1968. The borrowings will be represented by 90-day notes renewable so as to mature in no event later than September 30, 1968, with interest at the bank's prime commercial rate from time to time in effect.

It appears that \$2,500,000 of the \$11,000,000 maximum borrowings would be represented by notes dated subsequent to September 30, 1967, and that such notes and renewals thereof would mature no later than September 30, 1968, which would not exceed one year, and thus would not require Commission authorization.

The notes subject to the new Loan Agreement will be issued for the purposes of renewing notes representing indebtedness originally incurred for meeting capital expenditures, and obtaining additional funds for such expenditures.

Applicant reports that its outstanding short-term bank loans as of January 4, 1967 totaled \$8,500,000, and that the proceeds of such borrowings were used for financing capital expenditures. The company asserts that it intends to formulate and carry out a program of permanent financing pursuant to which it will raise sufficient sums to liquidate all indebtedness to be incurred under the Loan Agreement on or before September 30, 1968.

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, as amended, 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. 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 a maximum amount of \$8,500,000 at any one time outstanding, for the purposes set forth in this proceeding. Said Loan Agreement and notes shall be in the same form, or in substantially the same form, as those attached to the amendment to the application.

2. Southwest Gas Corporation shall file with the Commission a report, or reports, as required by General Order No. 24-B, 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.

Dated at San Francisco, California, this 24th day of JANUARY, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

WILLIAM SYMONS, JR. did not participate in the disposition of this proceeding.

