

ORIGINAL

Decision No. 72024

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
SAN DIEGO GAS & ELECTRIC COMPANY,)
a corporation, for authority to)
issue and sell \$25,000,000)
principal amount of its First)
Mortgage Bonds, Series I due)
1997.)

Application No. 49103
Filed January 24, 1967

O P I N I O N

This is an application for an order of the Commission authorizing San Diego Gas & Electric Company to execute and deliver an Eighth Supplemental Indenture, and to issue and sell \$25,000,000 aggregate principal amount of its First Mortgage Bonds, Series I due 1997.

The company proposes to sell its new bonds at competitive bidding, the successful bid to determine the interest rate. The bonds will mature March 1, 1997, and will carry a five-year redemption restriction provision similar to that frequently employed in bond offerings at the present time. They will be secured by an existing indenture as heretofore supplemented and as further supplemented by the proposed Eighth Supplemental Indenture.

In Exhibit B, attached to the application, the company reports a total capital budget of \$61,645,600 as of November 30, 1966, with an unexpended balance of \$35,022,100 as of that date. Exhibit C, attached to the application, shows uncapitalized construction amounting to \$65,919,640 as of the same date.

Exhibit A, attached to the application, shows outstanding short-term notes payable to banks in the amount of \$4,000,000 as of November 30, 1966. Applicant expects this amount to be increased to approximately \$13,000,000 prior to the issue and sale of bonds for which authorization is herein sought. Such notes pertain to temporary financing of capital expenditures.

The company intends to utilize the net proceeds to be derived from the sale of said bonds, exclusive of accrued interest, (a) to reimburse its treasury, in part, for moneys actually expended for capital purposes and (b) to retire all of its then outstanding short-term bank notes. The accrued interest will be used for such purposes or for general corporate purposes.

Applicant's capital ratios as of November 30, 1966, and as adjusted to give effect to the proposed financing, are computed as follows:

	<u>Nov. 30, 1966</u>	<u>Pro Forma</u>
Long-term debt	49%	53%
Preferred stock	9	8
Common stock equity	<u>42</u>	<u>39</u>
Total	<u>100%</u>	<u>100%</u>

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 Eighth 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. San Diego Gas & Electric Company may execute and deliver an Eighth Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit D.

2. San Diego Gas & Electric Company may invite the submission of written sealed bids for the purchase of not to exceed \$25,000,000 aggregate principal amount of its First Mortgage Bonds, Series I due 1997, such invitation for bids to be published at least five days prior to the date set for the opening of the bids.

3. San Diego Gas & Electric Company may issue and sell, at competitive bidding, \$25,000,000 aggregate principal amount of its First Mortgage Bonds, Series I due 1997, at the price offered in a bid which will provide the lowest annual cost of money to applicant calculated in the manner provided in the proposed form of Statement of Terms and Conditions Relating to Bids attached to the application as a part of Exhibit E.

4. San Diego Gas & Electric Company shall use the proceeds from the sale of said bonds for the purposes set forth in the application.

5. Immediately upon awarding the contract for the sale of the bonds, San Diego Gas & Electric 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.

6. Within thirty days after the issue and sale of the bonds herein authorized, San Diego Gas & Electric Company shall file with the Commission three copies of its prospectus, together with 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 San Diego Gas & Electric 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 15th day of FEBRUARY, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners

