

**ORIGINAL**

Decision No. 74312

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of PACIFIC LIGHTING SERVICE AND )  
SUPPLY COMPANY, a corporation, )  
for an order authorizing it to )  
issue and sell \$30,000,000 )  
Sinking Fund Debentures, Series B, )  
due 1988, and to execute and )  
deliver to Wells Fargo Bank, as )  
Trustee, a First Supplemental )  
Indenture, dated as of July 1, )  
1968 )

Application No. 50281  
Filed June 3, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Pacific Lighting Service and Supply Company to execute and deliver a First Supplemental Indenture, and to issue and sell, at competitive bidding, not exceeding \$30,000,000 aggregate principal amount of its Sinking Fund Debentures, Series B, due 1988.

Applicant is a California corporation engaged in purchasing, storing, handling and exchanging gas, and selling natural gas to its affiliated public utility companies, Southern California Gas Company and Southern Counties Gas Company of California. It reports that it is a wholly owned subsidiary of Pacific Lighting Corporation to which it was indebted on April 30, 1968, in the amount of \$8,682,754, that it estimates such sum will increase

to \$12,000,000 by the time of closing the proposed debenture sale, and that it uses the proceeds of such borrowings for the acquisition of property and in the construction, completion, extension or improvement of its facilities.

The winning bid will determine the interest rate of the new debentures, and they will carry a five-year restricted redemption provision similar to that frequently employed in offerings at the present time.

The net proceeds, other than accrued interest, to be derived from the sale of the proposed debentures, will be applied first to repaying and discharging said indebtedness to Pacific Lighting Corporation. The balance will be applied to either or both (a) payment of costs incurred, or to be incurred, by applicant for acquisition of property and the construction, completion, extension or improvement of its facilities, and (b) reimbursement of moneys actually expended from income or from any other money in the treasury of applicant (not obtained from the sale of its common capital stock) for similar purposes in 1968 or in any prior year. Accrued interest, if any, will be applied to general corporate purposes, which may include any of the foregoing.

The capitalization ratios of applicant as of April 30, 1968, and as adjusted to give effect to the proposed debenture issue, are reported as follows:

	<u>April 30, 1968</u>	<u>Pro Forma</u>
Debentures	19.9%	42.6%
Common stock and surplus	<u>80.1</u>	<u>57.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>

For the years 1968 and 1969, applicant's estimated capital expenditures for additions and betterments aggregate \$24,150,000.

After consideration the Commission finds that:

1. Applicant will have need for additional funds to meet its obligations and to continue its construction activities.
2. The proposed debenture issue is for proper purposes.
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 First 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 debentures herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income.
6. The application of Article 5, Chapter 4, Part 1, Division 1 of the Public Utilities Code to this proceeding, and the issuance and sale of the debentures herein authorized, are required by the public interest.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The action taken herein 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. Pacific Lighting Service and Supply Company may execute and deliver a First Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit D.

2. Pacific Lighting Service and Supply Company may invite the submission of written sealed bids for the purchase of not exceeding \$30,000,000 aggregate principal amount of its Sinking Fund Debentures, Series B, due 1988, such invitation to be published at least five days prior to the date set for the opening of the bids.

3. Pacific Lighting Service and Supply Company may issue and sell said debentures in the aggregate principal amount of not exceeding \$30,000,000 at the price and bearing interest at the rate specified in the bid therefor which will result in the lowest annual cost of money to applicant determined as set forth in the application.

4. Pacific Lighting Service and Supply Company shall apply the proceeds from the sale of said debentures to the purposes referred to in the application.

5. Immediately upon awarding the contract for the sale of said debentures, Pacific Lighting Service and 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 on such price and interest rate.

6. Within thirty days after the issue and sale of the debentures herein authorized, Pacific Lighting Service and Supply Company shall file with the Commission three copies of its prospectus pertaining to said debentures.

7. Within three months after such issue and sale, Pacific Lighting Service and Supply 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 debenture proceeds were used.

8. This order shall become effective when Pacific Lighting Service and Supply Company has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$10,500.

Dated at San Francisco, California,  
this 25<sup>th</sup> day of JUNE, 1968.

*Robert E. Mitchell*  
President

*Augusta*  
*William J. Lyons Jr.*  
*David P. Monsey*  
Commissioners

Commissioner William M. Bennett

Present but not participating.

