

**ORIGINAL**

Decision No. 74939

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	
)	
SAN DIEGO GAS & ELECTRIC COMPANY, )	
)	Application No. 50639
a corporation, for authority to )	Filed October 22, 1968
issue and sell \$35,000,000 )	
principal amount of its First )	
Mortgage Bonds, Series J )	
due 1998. )	
_____ )	

O P I N I O N

In this application San Diego Gas & Electric Company requests authorization from the Commission to execute and deliver a Tenth Supplemental Indenture, and to issue and sell \$35,000,000 aggregate principal amount of its First Mortgage Bonds, Series J due 1998. The company proposes to use the net proceeds, exclusive of accrued interest, for the purposes of (a) retiring and discharging short-term bank loans, and (b) reimbursing its treasury for moneys actually expended for the acquisition of property or the construction, completion, extension or improvement of its facilities. The accrued interest will be used for such purposes or for general corporate purposes.

Applicant reports that its uncapitalized construction amounted to \$75,203,407 as of August 31, 1968, and that the unexpended balance of its capital budget on said date was \$24,145,800. The balance sheet, attached to the application as a part of Exhibit B, shows \$20,000,000 of outstanding short-term notes payable to banks as of August 31, 1968, in connection with the temporary financing of capital expenditures. Applicant anticipates that such loans will amount to approximately \$31,500,000 prior to the sale of its Series J bonds.

The company's reported capitalization ratios, as of August 31, 1968, adjusted to give effect to the proposed bond issue are as follows:

Long-term debt	55.68%
Preferred stock	7.30
Common stock equity	<u>36.94</u>
Total	<u>100.00%</u>

Applicant plans to sell its new bonds at competitive bidding, the successful bid to determine the interest rate. The bonds will be subject to a restricted redemption provision until December 1, 1973, and will be secured by an existing indenture as heretofore supplemented and as further supplemented by the proposed Tenth Supplemental Indenture.

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 Tenth 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 a Tenth Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit E.
2. San Diego Gas & Electric Company may invite the submission of written sealed bids for the purchase of not exceeding \$35,000,000 aggregate principal amount of its First Mortgage Bonds, Series J due 1998, 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, not exceeding \$35,000,000 aggregate principal amount of its First Mortgage Bonds, Series J due 1998, 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 Exhibit F.

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 \$11,750.

Dated at San Francisco, California, this 13<sup>th</sup> day of NOVEMBER, 1968.

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 President  
*William L. Bennett*

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*Augusta*

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*W. P. Monissey*  
 Commissioners

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

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION  
 STATE OF CALIFORNIA

43681  
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 11,750.<sup>00</sup>

By *[Signature]*