

ORIGINAL

Decision No. 76502

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of Southwest Gas Corporation for	)	Application No. 51006
Authority to Issue and Sell	)	First Supplemental
\$8,000,000 Aggregate Principal	)	Filed November 13, 1969
Amount of First Mortgage Bonds,	)	
and for Exemption from Competitive	)	
Bidding	)	

FIRST SUPPLEMENTAL OPINION

By Decision No. 75725, dated June 3, 1969, in the above-entitled matter, the Commission authorized Southwest Gas Corporation to execute and deliver a supplemental indenture, and to issue and sell not exceeding \$8,000,000 aggregate principal amount of its bonds, exempt from competitive bidding and subject to terms to be subsequently authorized.

In its First Supplemental Application filed in the above-entitled matter applicant reports that, through Eastman Dillon, Union Securities & Co., it has obtained firm commitments for the bonds to be designated as First Mortgage Bonds, 9-1/8% Series due 1995. The purchase price will be 100% of the principal amount plus accrued interest. Prior to March 1, 1980, they will be nonrefundable at a lower interest rate. A sinking fund will retire 66.5% of the issue prior to maturity.

After consideration the Commission reaffirms the findings set forth in said Decision No. 75725, and further finds that:

(1) applicant will be required to pay interest at a lower rate than it would in the absence of the proposed restricted redemption provision; and (2) the terms and conditions pertaining to the proposed bonds are reasonable.

On the basis of the foregoing findings we conclude that the First Supplemental Application should be granted. A public hearing on the supplemental application is not necessary.

Although the 9-1/8% per annum interest rate for the quality of bonds involved in this proceeding is reasonable in the light of market conditions prevailing at the time of negotiation, circumstances may be different when the bonds are actually sold. Therefore, applicant is hereby placed on notice that, if the Commission believes the negotiated interest rate of 9-1/8% per annum will result in an excessive interest cost, it will take into consideration in future rate proceedings only that which it deems reasonable.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Ordering Paragraphs Nos. 1, 2, 3 and 6 of Decision No. 75725, dated June 3, 1969, are hereby amended to read as follows:

1. The issue and sale by Southwest Gas Corporation of not exceeding \$8,000,000 aggregate principal amount of its First Mortgage Bonds, 9-1/8% Series due 1995 are hereby exempted from the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946, as amended, in Case No. 4761.

2. Southwest Gas Corporation may execute and deliver a Thirteenth Supplemental Indenture in the same form, or in substantially the same form, as that attached to the First Supplemental Application in this proceeding as Exhibit A. The sinking fund provisions on page 7 of said Exhibit A shall reflect the tabulation appearing on page 2 of said First Supplemental Application.

3. Southwest Gas Corporation may issue and sell not exceeding \$8,000,000 aggregate principal amount of its First Mortgage Bonds, 9-1/8% Series due 1995, under the terms and conditions set forth in a Bond Purchase Agreement in the same form, or in substantially the same form, as that attached to the First Supplemental Application in this proceeding as Exhibit B.

6. Any authority herein granted will expire if not exercised on or before June 30, 1970.

2. Decision No. 75725, dated June 3, 1969, shall remain in full force and effect, except as modified by this order.

3. The effective date of this order is the date hereof.

Dated at San Francisco, California,  
this 2nd day of DECEMBER, 1969.

William Symons, Jr.  
President

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William J. ...

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Commissioners