

ORIGINAL

Decision No. 77217

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
)
 of SOUTHWEST GAS CORPORATION)
)
 for Authority to Carry Out the)
 Terms and Conditions of a Loan)
 Agreement; to Issue Evidences of)
 Indebtedness Thereunder; and to)
 Issue Commercial Paper.)

Application No. 51846
 Filed April 27, 1970

O P I N I O N

Southwest Gas Corporation seeks an order of the Commission authorizing it to issue evidences of indebtedness in the aggregate principal amount of not exceeding \$8,000,000 at any one time outstanding.

Applicant is a California corporation engaged in the business of distributing and selling natural gas in portions of Placer County and San Bernardino County in the State of California. In addition, the company transmits, sells and distributes natural gas in portions of the States of Arizona and Nevada. For the 12 months ended March 31, 1970, the utility reports total operating revenues of \$35,689,678, of which it derived 75% from operations in Nevada, 13% from Arizona and 12% from California.

The company proposes to enter into a Loan Agreement superseding one with Bank of America National Trust and Savings Association. Pursuant to the new agreement, the bank will lend and relend to applicant not exceeding \$8,000,000 from time to time to and including June 30, 1971. The borrowings will be evidenced by notes maturing not more than 90 days from their dates, but in no event later than June 30, 1971. Each note will bear interest at a rate equal to $1/4$ of 1% above the bank's prime commercial rate, provided that changes in said prime rate will be reflected on the next business day after the change occurs. The interest rate will be $1/4$ of 1% below that contained in the amended agreement being superseded.

In addition, the utility proposes to issue and reissue not exceeding \$8,000,000 aggregate principal amount of commercial paper as conditions in the market for such paper may suggest. At no time would the aggregate principal amount of commercial paper and promissory notes outstanding under the new Loan Agreement exceed \$8,000,000, taken together.

The evidences of indebtedness will be issued for purposes not reasonably chargeable to operating expenses or to income, and specified in Section 817 of the Public Utilities Code.

After consideration the Commission finds that:

1. The proposed evidences of indebtedness are for proper purposes.
2. The money, property or labor to be procured or paid for by the issue of the evidences of indebtedness herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. The proposed Loan Agreement will not be adverse to 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 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:

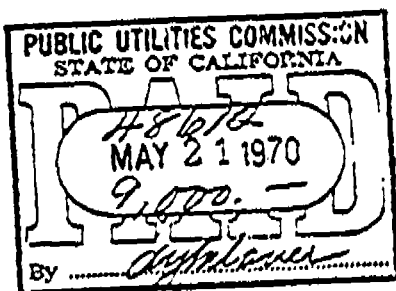
1. Southwest Gas Corporation may carry out the terms and conditions of a Loan Agreement in the same form, or in substantially the same form, as that attached to the application as Exhibit A.
2. Southwest Gas Corporation, on or after the effective date hereof and on or before June 30, 1971, for the purposes

specified in this proceeding, may issue and reissue up to a maximum of \$8,000,000 at any one time outstanding of evidences of indebtedness, which documents shall be in the form of commercial paper, and promissory notes under the Loan Agreement authorized by Ordering Paragraph No. 1.

3. 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.

4. This order shall become effective when Southwest Gas Corporation has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$9,000.

Dated at San Francisco, California,
this 19th day of MAY, 1970.



William S. Sorensen
President
Augusta
J. H. Williams
Robert L. Stinger
Commissioners