

Decision No. 77248**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
)	
SAN DIEGO GAS & ELECTRIC COMPANY,)	Application No. 51557
)	Petition for Modification
a corporation, for authority to)	Filed May 4, 1970
issue and sell \$40,000,000 principal)	and Amendment
amount of its First Mortgage Bonds,)	Filed May 19, 1970
Series K due 2000 and 500,000 shares)	
of Cumulative Preferred Stock, %)	
Series, \$20 par value)	
)	

SECOND SUPPLEMENTAL OPINION

By a portion of Ordering Paragraph No. 2 of Decision No. 76643, dated January 6, 1970, in the above-entitled matter, the Commission authorized San Diego Gas & Electric Company to issue and sell not exceeding 500,000 shares of its \$20 par value Cumulative Preferred Stock. In lieu of such stock the utility now proposes to issue and sell 160,000 shares of its Preference Stock (Cumulative) without par value on a basis to provide funds to be used for refunding its outstanding \$16,000,000 aggregate principal amount of First Mortgage Bonds, 3-3/8% Series due July 1, 1970.

Previously, the company had contemplated refunding said bonds from a portion of the proceeds derived from the Series K bonds authorized in this proceeding. In the present petition, the utility

reports that the use of preferred stock proceeds for such purpose will enable it to take advantage of Internal Revenue Code Section 247(a), resulting in a substantial savings in income taxes.

The company's capitalization ratios (which reflect said Series K bonds) at March 31, 1970, and as adjusted to give effect to the proposed stock issue, are computed as follows:

	<u>March 31, 1970</u>	<u>Pro Forma</u>
First mortgage bonds	50.7%	46.9%
Sinking fund debentures	7.4	7.4
Preferred stock	6.5	10.3
Common stock equity	<u>35.4</u>	<u>35.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that the previous findings in this proceeding apply to the same extent as if they were restated herein, and that the changes pertaining to the proposed stock issue are reasonable. On the basis of these findings we conclude that the petition, as amended, should be granted. A public hearing is not necessary.

SECOND SUPPLEMENTAL ORDER

IT IS ORDERED that Ordering Paragraph No. 2 of Decision No. 76643, dated January 6, 1970, is hereby amended to read as follows:

2. San Diego Gas & Electric Company, on or before June 30, 1970, may issue and sell not exceeding \$40,000,000 aggregate principal amount of its First Mortgage Bonds, Series K due 2000, and 160,000 shares of its Preference Stock (Cumulative) without par value, the terms of each to be fixed in the manner described in Application No. 51557 as modified by petitions filed on January 28, 1970 and May 4, 1970, and by the amendment filed on May 19, 1970.

IT IS FURTHER ORDERED that said Decision No. 76643 shall remain in full force and effect, except as modified by Decision No. 76752 and by this decision.

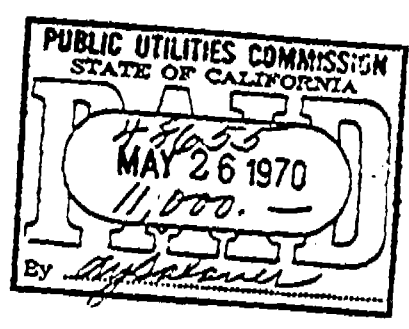
This order shall become effective when San Diego Gas & Electric Company has paid the additional fees prescribed by Sections 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$8,000 and \$3,000, respectively, amounting to a total of \$11,000.

Dated at San Francisco, California, this 22nd day of MAY 4, 1970.

William L. Sturgeon
President

Augustine
J. P. Schmitt

Vernon L. Sturgeon
Commissioners



Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.