

ORIGINAL

Decision No. 80139

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SAN DIEGO GAS & ELECTRIC)
COMPANY, a corporation, for)
authority to enter into a Bank)
Credit Agreement and to issue)
its seven-year Promissory Note)
in the principal amount of)
\$55,000,000.)

Application No. 53315
(Filed May 8, 1972)

Chickering & Gregory, by Sherman Chickering, Attorney at
Law, for applicant.
Sidney J. Webb, for the Commission staff.

O P I N I O N

San Diego Gas & Electric Company seeks an order granting it an exemption from the Commission's competitive bidding rule, and authorizing it (a) to enter into a Bank Credit Agreement, and (b) to issue a note in the principal amount of \$55,000,000.

After due notice, a public hearing on the above-entitled matter was held before Examiner Donovan in San Francisco on May 23, 1972, at the conclusion of which the matter was taken under submission. The Commission has received no protests in the proceeding.

Applicant is a California corporation engaged in the business of providing electric service in portions of the counties of Imperial and Orange, and electric, gas and steam service in portions of San Diego County. As of March 31, 1972, the company reports uncapitalized construction expenditures amounting to \$91,439,776 and an unexpended capital budget balance of \$349,053,400.

By Decision No. 79022, dated August 10, 1971, in Application No. 52775, for temporary financing of the company's construction program, the Commission authorized evidences of indebtedness in the aggregate principal amount of not exceeding \$62,500,000 at any one time outstanding. At the time of filing the present application, the company reported \$52,500,000 of indebtedness outstanding under authority granted by said decision. The record shows that such indebtedness has been increasing.

In order to obtain funds for retiring and discharging \$55,000,000 of short-term indebtedness incurred, or to be incurred, in connection with its construction program, applicant proposes to enter into a Bank Credit Agreement with The First National Bank of Chicago. Pursuant to provisions of such agreement, the utility would issue a note in the principal amount of \$55,000,000 repayable on or before the seventh anniversary of the borrowing date, and bearing interest at a rate per annum equal to 114% of the bank's prime rate for the first year, 114% of such prime rate plus 1/4% for the second year, and 114% of such prime rate plus 1/2% thereafter.

The record in this proceeding shows that applicant has been unsuccessful in negotiating a similar borrowing from other sources on terms as attractive as those of The First National Bank of Chicago.

The company's capitalization ratios at March 31, 1972, and as adjusted to give effect to the proposed note, as computed from Exhibit A, attached to the application, are as follows:

	<u>March 31,</u> <u>1972</u>	<u>Pro</u> <u>Forma</u>
First mortgage bonds	47.07%	42.56%
Sinking fund debentures	5.72	5.17
Other long-term debt	.39	9.94
Preferred and preference stock	15.14	13.69
Common stock equity	<u>31.68</u>	<u>28.64</u>
Total	<u>100.00%</u>	<u>100.00%</u>

After consideration the Commission finds that:

1. The proposed note issue is for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The proposed Bank Credit Agreement would not be adverse to the public interest.
4. An offering through competitive bidding should not be required for the proposed note issue.
5. The money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

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. The issue by San Diego Gas & Electric Company of its seven-year note in the principal amount of not exceeding \$55,000,000 pursuant to a Bank Credit Agreement with The First National Bank of Chicago is 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.

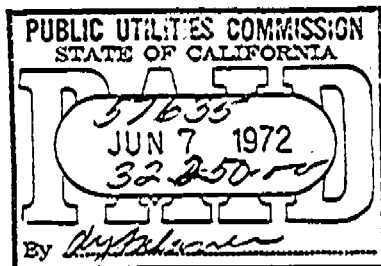
2. San Diego Gas & Electric Company may enter into a Bank Credit Agreement in substantially the same form as that filed in this proceeding as Exhibit No. 1.

3. San Diego Gas & Electric Company, for the purpose specified in this proceeding, may issue its note in the principal amount of not exceeding \$55,000,000, which note shall be in substantially the same form as that attached to the application as Exhibit A of Exhibit D.

4. San Diego Gas & Electric Company shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. 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 \$32,250.

Dated at San Francisco California, this 7th
day of JUNE, 1972.



[Signature]
Chairman
[Signature]
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Commissioners