

ORIGINAL

Decision No. 80358

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of SOUTHERN CALIFORNIA GAS)
 COMPANY, a corporation, for)
 authority to issue and sell)
 \$45,000,000 First Mortgage Bonds,)
 Series I, Due 1997; to mortgage)
 its properties and to execute)
 and deliver to WELLS FARGO BANK,)
 National Association (formerly)
 American Trust Company), as)
 trustee, a Supplemental Indenture.)

Application No. 53467
 (Filed July 20, 1972)

O P I N I O N

Southern California Gas Company seeks authority to issue and sell \$45,000,000 aggregate principal amount of its First Mortgage Bonds, Series I, due 1997, and to execute and deliver two Supplemental Indentures.

Applicant is a California corporation engaged in the purchase, distribution and sale of natural gas to customers in portions of central and southern California. For the 16 months ending December 31, 1973, the company estimates that its expenditures for gross additions and betterments will total \$60,500,000. Its capitalization percentages at June 30, 1972, and as adjusted to give effect to the proposed bond issue, are summarized from the application as follows:

	<u>June 30,</u> <u>1972</u>	<u>Pro</u> <u>forma</u>
Long-term debt	48%	51%
Preferred stock	3	3
Common stock equity	<u>49</u>	<u>46</u>
Total	<u>100%</u>	<u>100%</u>

Pursuant to the competitive bidding requirements of the Commission, the utility plans to issue and sell the \$45,000,000 of new bonds at a price and interest rate to be determined by the successful bid. The net proceeds, other than accrued interest, would be applied toward repaying and discharging short-term indebtedness incurred for the temporary financing of applicant's construction and expansion program. The remainder, if any, of the proceeds would be added to working capital, representing reimbursement of treasury for moneys spent for construction and expansion, and would be used to finance a portion of the costs incurred, or to be incurred, in connection with the utility's construction and expansion program. Accrued interest would be used for such purposes or for general corporate purposes.

The bonds would be secured by an existing indenture as heretofore amended and supplemented and as further amended and supplemented by two proposed Supplemental Indentures. Said bonds would be subject to a five-year restricted redemption provision.

After consideration the Commission finds that:

1. The proposed Supplemental Indentures would not be adverse to the public interest.
2. The proposed bond issue is for proper purposes.
3. Applicant has need for external funds for the purposes set forth in the application.
4. The proposed restricted redemption provision is reasonable.
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, which purposes, except as otherwise authorized for accrued interest, are 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. 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. Southern California Gas Company may execute and deliver Supplemental Indentures in substantially the same forms as Exhibits C and E attached to the application.
2. Southern California Gas Company may invite the submission of written sealed bids for the purchase of not exceeding \$45,000,000 aggregate principal amount of its First Mortgage Bonds, Series I, due 1997.
3. Southern California Gas Company may issue and sell said bonds in the aggregate principal amount of not exceeding \$45,000,000 at the price offered in a bid which shall provide the lowest annual cost of money to applicant calculated in the manner provided in the Statement of Terms and Conditions Relating to Bids, a copy of which is attached to the application as a part of Exhibit G.
4. Southern California Gas Company shall apply the proceeds from the sale of said bonds to the purposes referred to in the application.

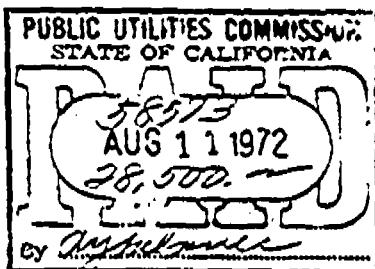
5. Promptly after awarding the contract for the sale of said bonds, Southern California Gas Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based on such price and interest rate.

6. As soon as available, Southern California Gas Company shall file with the Commission three copies of its prospectus pertaining to said bonds.

7. Within one month after such issue and sale, Southern California Gas Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the bond proceeds were used.

8. This order shall become effective when Southern California Gas Company has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$28,500.

Dated at San Francisco, California, this 8th day of AUGUST, 1972.



Vernon L. Sturgeon
President
William J. Gentry
J. P. Kharin
[Signature]
[Signature]
Commissioners