

LOB

Decision No. 81726

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PACIFIC LIGHTING SERVICE)
COMPANY, a Corporation, for)
Authority to Issue and Sell Its)
20-Year Term Sinking Fund)
Debentures, Series D, in an)
Amount not to Exceed \$33,000,000)
and to Execute and Deliver to)
WELLS FARGO BANK, National)
Association (Formerly Wells)
Fargo Bank American Trust)
Company) as Trustee, a)
Supplemental Indenture.)

Application No. 54184
(Filed July 19, 1973)

O P I N I O N

Pacific Lighting Service Company seeks authority to issue and sell, at competitive bidding not exceeding \$33,000,000 aggregate principal amount of its Sinking Fund Debentures, Series D, due 1993, and to execute and deliver a Third Supplemental Indenture.

Applicant is a California corporation engaged principally in purchasing, transmitting and storing natural gas for sale exclusively to Southern California Gas Company for resale by the latter to the public, each company being a subsidiary of Pacific Lighting Corporation.

On June 30, 1973, applicant's reported indebtedness to Pacific Lighting Corporation amounted to \$34,820,000. As of September 25, 1973, the proposed closing date for the Series D Debentures, applicant estimates that it will owe Pacific Lighting Corporation in excess of \$54,000,000. Said

debentures would be issued for, and the net proceeds other than accrued interest would be applied to, the repayment of short-term indebtedness to Pacific Lighting Corporation for monies used by applicant for its construction and expansion program. The accrued interest would be used for general corporate purposes.

The Series D Debentures would be issued pursuant to a proposed Third Supplemental Indenture containing a five-year restricted redemption provision.

The company's capitalization ratios as of June 30, 1973, and as adjusted to give effect to the proposed debenture issue, as summarized from the application, are as follows:

	<u>June 30, 1973</u>	<u>Pro forma</u>
Debentures	44.7%	55.0%
Common stock equity	<u>55.3</u>	<u>45.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. Applicant has need for external funds for the purposes set forth in this proceeding.
2. The proposed debenture issue is for proper purposes.
3. The proposed restricted redemption provision is reasonable.
4. The proposed Third Supplemental Indenture would not be adverse to the public interest.
5. The money, property or labor to be procured or paid for by the issue of the debentures 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.

6. The application of Article 5, Chapter 4, Part 1, Division 1 of the Public Utilities Code to this proceeding is required by 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. Pacific Lighting Service Company may execute and deliver a Third Supplemental Indenture in substantially the same form as Exhibit A attached to the application.
2. Pacific Lighting Service Company may invite the submission of written sealed bids for the purchase of not exceeding \$33,000,000 aggregate principal amount of its Sinking Fund Debentures, Series D, due 1993.
3. Pacific Lighting Service Company may issue and sell said debentures in the aggregate principal amount of not exceeding \$33,000,000 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 B.
4. Pacific Lighting Service Company shall apply the proceeds from the sale of said debentures to the purposes referred to in the application.

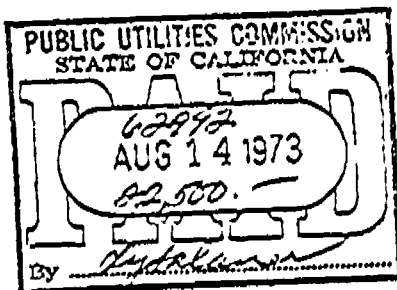
5. Promptly after awarding the contract for the sale of said debentures, Pacific Lighting Service Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based on such price and interest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

6. As soon as available, Pacific Lighting Service Company shall file with the Commission three copies of its prospectus pertaining to said debentures.

7. Within one month after issuing and selling the debentures herein authorized, Pacific Lighting Service Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes to which the debenture proceeds were applied.

8. This order shall become effective when Pacific Lighting Service Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$22,500.

Dated at San Francisco, California, this 14th day of August, 1973.



Veran L. Sturgeon
President

[Signature]
[Signature]

Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.