

Decision No. 82192**ORIGINAL**

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 Issue and)
 Sell \$50,000,000 Principal Amount of Its)
 First Mortgage Bonds, Series M Due 2004.)

Application No. 54431
 (Filed November 5, 1973)

O P I N I O N

San Diego Gas & Electric Company seeks authority to issue and sell at competitive bidding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series M due 2004, and to execute and deliver a Thirteenth Supplemental Indenture.

Applicant is a California corporation engaged principally in the business of providing electric, gas and steam service in portions of San Diego County. In addition, the company provides electric service in portions of Imperial and Orange Counties. The utility reports that its uncapitalized construction expenditures amounted to \$101,501,980 as of August 31, 1973, and that the unexpended balance of its capital budget on such date was \$383,410,700.

The company proposes to issue and sell \$50,000,000 aggregate principal amount of its bonds and to use the net proceeds, exclusive of accrued interest, for retiring and discharging short-term bank loans and commercial paper pertaining to capital expenditures, and to reimburse its treasury for capital expenditures. The accrued interest would be used for such purposes or for general corporate purposes. The bonds would be secured by an existing indenture as heretofore supplemented and as further supplemented by a proposed Thirteenth Supplemental Indenture, the latter to include a five-year restriction on redemption.

The reported capitalization ratios of the company at September 30, 1973, as adjusted to give effect to the recently authorized common stock issue and the proposed bond issue, are as follows:

First mortgage bonds	40.5%
Debentures	3.9
Other long-term debt	7.9
Preferred and preference stock	14.9
Common stock equity	<u>32.8</u>
Total	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed bond issue would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed supplemental indenture would not be adverse to the public interest.
4. The proposed restricted redemption provision is reasonable.
5. The money, property or labor to be procured or paid for by 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. San Diego Gas & Electric Company may execute and deliver its Thirteenth Supplemental Indenture in substantially the same form as Exhibit A attached to the application, with an interest rate and redemption provisions and redemption restrictions determined as set forth in the application.

2. San Diego Gas & Electric Company may invite the submission of written sealed bids for the purchase of not exceeding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series M due 2004.

3. San Diego Gas & Electric Company may issue and sell not exceeding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series M due 2004, at the price offered in a bid which will provide the lowest annual cost of money to applicant.

4. San Diego Gas & Electric Company shall apply the net 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, San Diego Gas & Electric 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 upon such price and interest rate.

6. As soon as available, San Diego Gas & Electric Company shall file with the Commission three copies of its prospectus pertaining to said bonds.

7. Within one month after issuing and selling the bonds herein authorized, San Diego Gas & Electric 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 bond proceeds were applied.

8. 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.

Dated at San Francisco, California, this 4th day of December, 1973.

Vernon L. Sturgeon
President
William J. Symons
Michael J. ...
...
...
Commissioners

Decision No. 82260

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)
 Issue and Sell \$50,000,000 Principal)
 Amount of Its First Mortgage Bonds,)
 Series M Due 2004.)

Application No. 54431
 Petition for Modification
 (Filed December 6, 1973)

FIRST SUPPLEMENTAL OPINION

By Decision No. 32192, dated December 4, 1973, in the above-entitled matter, the Commission, among other things, authorized San Diego Gas & Electric Company to issue and sell \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series M due 2004.

In order to improve its interest coverage position petitioner now seeks authority to issue and sell \$75,000,000 aggregate principal amount of said bonds. The company would use the net proceeds, exclusive of accrued interest, for (a) repaying an outstanding \$55,000,000 seven-year note currently bearing interest at the rate of 11.65% per annum, and (b) retiring and discharging short-term bank loans and commercial paper pertaining to capital expenditures. The accrued interest would be used for such purposes or for general corporate purposes.

The reported capitalization ratios of the utility at September 30, 1973, as adjusted to give effect to its recent sale

of 2,000,000 shares of common stock, to the proposed \$75,000,000 bond issue, and to repayment of said \$55,000,000 note, are as follows:

First mortgage bonds	46.3%
Debentures	4.1
Other long-term debt	.4
Preferred and preference stock	15.7
Common stock equity	<u>33.5</u>
Total	<u>100.0%</u>

After consideration the Commission reaffirms its findings in said Decision No. 82192 and further finds that the revised financing is reasonable. On the basis of these findings we conclude that the petition should be granted. A public hearing is not necessary.

The authority 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.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. The maximum principal amount of the authorizations set forth in Ordering Paragraphs Nos. 2 and 3 of Decision No. 82192 pertaining to Series M bonds of San Diego Gas & Electric Company is hereby increased from \$50,000,000 to \$75,000,000.

2. Ordering Paragraph No. 4 of Decision No. 82192 is hereby amended to read as follows:

4. San Diego Gas & Electric Company shall use the net proceeds, exclusive of accrued interest, from the sale of its Series M bonds for (a) repaying an outstanding \$55,000,000 note, and (b) retiring and discharging short-term bank loans and commercial paper. The accrued interest shall be used for such purposes or for general corporate purposes.

3. Ordering Paragraph No. 3 of Decision No. 82192 is hereby amended to read as follows:

8. The effective date of this order is December 13, 1973.

4. The effective date of this First Supplemental Order is the date hereof.

Dated at San Francisco, California, this 18th day of December, 1973.

WILLIAM SYMONS, JR.
THOMAS MORAN
D. W. HOLMES
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Certified as a True Copy
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ASSISTANT SECRETARY
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA

Commissioner J. P. Vakasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.