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Decision No. _____

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
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:

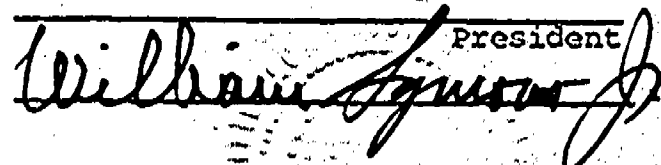
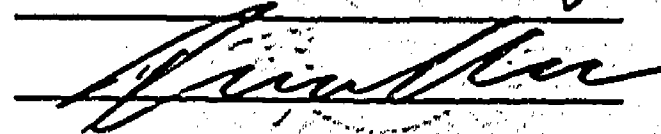

4. San Diego Gas & Electric Company shall use the net proceeds, exclusive of accrued interest, from the sale of its Series M bonds for (a) repaying an outstanding \$55,000,000 note, and (b) retiring and discharging short-term bank loans and commercial paper. The accrued interest shall be used for such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

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

3. 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.


President


Commissioners

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

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