

ORIGINAL

Decision No. 82527

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 not )  
exceeding 250,000 shares of its )  
Preference Stock (Cumulative), )  
without par value. )

Application No. 54636  
(Filed February 7, 1974)

O P I N I O N

San Diego Gas & Electric Company seeks authority to issue and sell 250,000 shares of its Preference Stock (Cumulative), without par value.

Applicant reports that its uncapitalized construction expenditures amounted to \$82,451,242 as of December 31, 1973, and that the unexpended balance of its capital budget on said date was \$354,600,300. Prior to the issue and sale of the securities involved in this proceeding, the company expects to have approximately \$42,500,000 outstanding in bank loans and commercial paper pertaining to temporary financing of capital expenditures.

In order to obtain funds for reducing said bank loans and commercial paper, applicant proposes to issue and sell 250,000 shares of its Preference Stock (Cumulative). The utility intends to negotiate the private placement of said shares with several institutional purchasers at a price of \$100 per share and an annual dividend rate of \$8.25 per share. Restrictions on redemption would be in effect during the first seven years and a redemption price of \$112 per share would be in effect during the first ten years.

The company's reported capitalization ratios at December 31, 1973, as adjusted to give effect to the recent \$75,000,000 bond issue and to the proposed financing, are reported as follows:

|                                   |               |
|-----------------------------------|---------------|
| Long-term debt                    | 49.0%         |
| Preferred and preference<br>stock | 18.7          |
| Common stock equity               | <u>32.3</u>   |
| Total                             | <u>100.0%</u> |

After consideration the Commission finds that:

1. The proposed stock would be for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The proposed restricted redemption provisions are reasonable.
4. The money, property or labor to be procured or paid for by the stock 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. A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total stated value of the shares nor the dividends paid as measuring the return it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company's stock or properties nor 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:

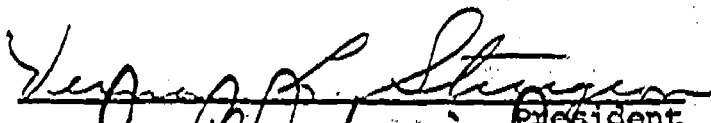
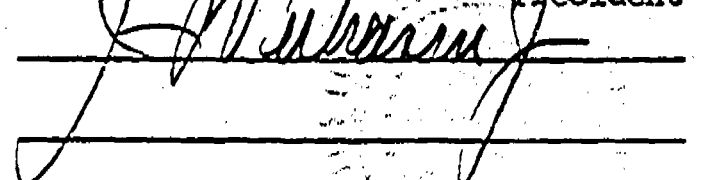

1. San Diego Gas & Electric Company, on or after the date hereof and on or before June 30, 1974, may issue and sell not exceeding 250,000 shares of its Preference Stock (Cumulative), without par value, at a price of \$100 per share and an annual dividend rate of \$8.25, in accordance with the terms and conditions set forth in the application.

2. San Diego Gas & Electric Company shall apply the net proceeds from the sale of said stock to the purpose set forth in the application.

3. Within one month after issuing and selling the stock 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 purpose to which the stock proceeds were applied.

4. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 5<sup>th</sup> day of MARCH, 1974.

  
President  
  
  
Commissioners

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

- 3 - Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.