

LAM

ORIGINAL

Decision No. 83572

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 2,000,000 shares)
of its Common Stock, \$5 par)
value.)

Application No. 55182
(Filed September 19, 1974)

O P I N I O N

San Diego Gas & Electric Company seeks authority to issue and sell 2,000,000 shares of its \$5 par value common stock.

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 provided electric service in portions of Imperial and Orange Counties. The utility reports that its uncapitalized construction expenditures amounted to \$64,518,098 as of July 31, 1974, and that the unexpended balance of its capital budget on such date was \$420,736,000.

On or about November 19, 1974, the company contemplates finalizing negotiations with a nationwide group of underwriters for the purchase of 2,000,000 shares of its \$5 par value common stock. The negotiations would include the underwriting spread and the price to be paid to applicant for the shares of stock, which in no event would be less than 90% of the last reported sales price (regular way) of the shares of stock on the New York Stock Exchange prior to the time the price is fixed.

The net proceeds from the sale of the shares of common stock would be used for retirement and discharge of the company's short-term bank loans and commercial paper, and to reimburse its treasury for capital expenditures.

The utility's reported capitalization ratios as of July 31, 1974, and as adjusted to give effect to the proposed stock issue, assuming proceeds of \$20,000,000, and to the bonds involved in Application No. 55164, as summarized from the application, are as follows:

	<u>July 31, 1974</u>	<u>Pro forma</u>
Long-term debt	48.1%	50.1%
Preferred and preference stock	18.4	16.8
Common stock equity	<u>33.5</u>	<u>33.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purposes specified herein, which purposes 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.

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 par 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

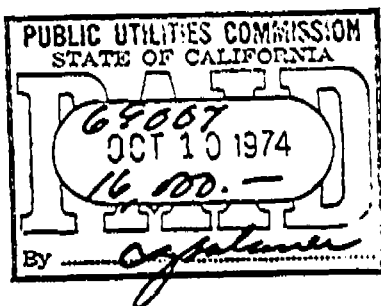
IT IS ORDERED that:

1. San Diego Gas & Electric Company, on or after the effective date hereof and on or before March 31, 1975, may issue and sell not exceeding 2,000,000 shares of its \$5 par value common stock, on terms and conditions to be negotiated with underwriters as set forth in the application.
2. San Diego Gas & Electric Company shall apply the net-proceeds from the sale of the stock herein authorized to the purposes set forth in the application.
3. Promptly after San Diego Gas & Electric Company ascertains the underwriting commission and the price to be paid to it for the common stock herein authorized, the company shall notify the Commission of each in writing.
4. As soon as available, San Diego Gas & Electric Company shall file with the Commission three copies of its prospectus pertaining to the common stock herein authorized.
5. 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 purposes to which the stock proceeds were applied.

A.55182 LAM

6. This order shall become effective when San Diego Gas & Electric Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$16,000.

Dated at San Francisco, California, this 8th
day of OCTOBER, 1974.



Vernon L. Sturgeon
President
William J. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners