

Decision No. 84202**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 execute an encumbering)
 document and issue evidences of)
 indebtedness in the aggregate)
 principal amount at any one time)
 outstanding of not exceeding)
 \$60,000,000, to be used exclusively)
 for fuel oil purchases.)

Application No. 55500
 (Filed February 19, 1975)

O P I N I O N

San Diego Gas & Electric Company seeks authority to execute and deliver a Financing Statement and to issue evidences of indebtedness in an aggregate principal amount at any one time outstanding of not exceeding \$60,000,000.

Applicant is a California corporation engaged principally in the business of providing electric service in portions of Orange and Imperial Counties, and electric, gas and steam service in portions of San Diego County. For the year 1974 it reports operating revenues and net income in the respective amounts of \$239,758,059 and \$37,855,863.

Pursuant to a Credit Agreement, a copy of which is attached to the application as Exhibit D, the utility proposes to borrow and reborrow from Bank of America National Trust and Savings Association until October 1, 1975 not exceeding \$60,000,000 aggregate principal amount at any one time outstanding, and seeks extensions of said Credit Agreement until December 31, 1980. The borrowings would be evidenced by a Revolving Credit Note and renewals thereof, in the principal amount of \$2,000,000 and by drafts in the form of Bills of Exchange and Bankers' Acceptances.

Advances and repayments under the Revolving Credit Notes would be entered on the reverse sides thereof, and interest would be payable monthly at a rate per annum of 120% of the bank's prime rate. Applicant proposes to pay to the bank for acceptance of the drafts a commission at the rate of 1-1/2% per annum and an amount equal to the current market discount rate per annum for bankers' acceptances.

The proceeds from the borrowings would be used for the purchase of fuel oil and expenses incident thereto, and the evidences of indebtedness would be secured by a proposed Financing Statement encumbering all of its fuel oil purchases.

The application indicates that the purpose of entering into the proposed transaction is to defer payment for fuel oil purchases to the time that the fuel oil is actually consumed and that, based on current money market conditions, this is a cheaper method by which to finance this activity.

After consideration the Commission finds that: (1) the proposed evidences of indebtedness would be for proper purposes; (2) the money, property or labor to be procured or paid for by the evidences of indebtedness herein authorized is reasonably required for the purposes specified herein; and (3) such purposes, except as otherwise authorized, 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

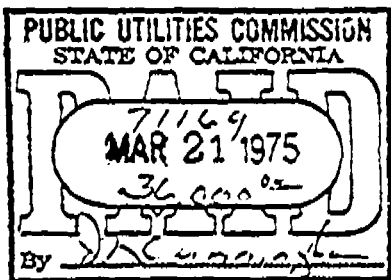
IT IS ORDERED that:

1. San Diego Gas & Electric Company, on or after the effective date hereof and on or before December 31, 1980, for the purposes set forth in this proceeding and in accordance with its January 27, 1975 Credit Agreement and related extension documents, may execute and deliver a Financing Statement and may issue evidences of indebtedness in an aggregate principal amount at any one time outstanding of not exceeding \$60,000,000.

2. On or before the tenth day of each month, San Diego Gas & Electric Company shall file with the Commission a summary for the preceding month, showing borrowings made, borrowings repaid and outstanding balances. These summaries shall be in lieu of reports under General Order No. 24-B.

3. 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, which fee is \$36,000.

Dated at San Francisco, California, this 18th day of March, 1975.



Vernon L. L. L.
President
William L. L.
Leonard R.
Commissioners