

ORIGINALDecision No. 84240

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. 55526
 (Filed February 28, 1975)

O P I N I O N

San Diego Gas & Electric Company seeks authority to issue and sell not exceeding 2,000,000 shares of its \$5 par value common stock.

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. The utility reports that as of December 31, 1974, uncapitalized construction totaled \$70,577,741 and the unexpended capital budget amounted to \$370,202,600.

On or about May 6, 1975, the company anticipates finalizing negotiations with a nationwide group of underwriters to purchase not exceeding 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 stock on the New York Stock Exchange prior to the time the price is fixed.

The net proceeds from the sale of 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 the company's treasury for capital expenditures.

The utility's reported capitalization ratios as of December 31, 1974, and as adjusted to give effect to the proposed stock issue, assuming proceeds of \$26,000,000, and to the bonds involved in Application No. 55522, are as follows:

	December 31, 1974	Pro forma
Long-term debt	50.1%	51.5%
Preferred and preference stock	16.3	15.3
Common stock equity	<u>33.1</u>	<u>33.2</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

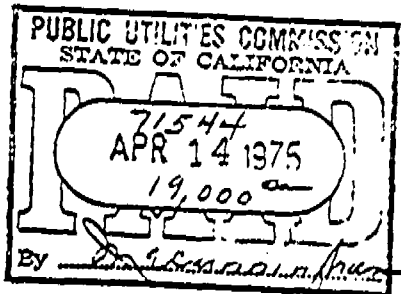
IT IS ORDERED that:

1. San Diego Gas & Electric Company, on or after the effective date hereof and on or before September 30, 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 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 final 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.

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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 \$19,000.

Dated at San Francisco, California, this 25th day
of MARCH, 1975.



[Signature]
President
[Signature]
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Commissioners