

ORIGINAL

Decision No. 85923

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &)
ELECTRIC COMPANY, a corporation,)
to issue and sell not exceeding)
2,000,000 shares of its Common)
Stock, \$5 par value.)

Application No. 56439
(Filed May 19, 1976)

O P I N I O N

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

Applicant is a California corporation engaged principally in the business of providing electric service in portions of Imperial and Orange Counties, and electric, gas and steam service in portions of the County of San Diego. The utility reports that as of March 31, 1976, uncapitalized construction totaled \$71,779,180, and the unexpended capital budget amounted to \$597,924,000.

Applicant has commenced negotiations, which it anticipates finalizing on or about July 15, 1976, for the sale of said stock through a group of underwriters represented by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Blyth Eastman Dillon & Co. Incorporated. The negotiations would include the underwriting spread and the price to be paid to applicant for the shares of stock. In no event would the latter 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.

Applicant would use the net proceeds from the stock (a) for the retirement and discharge of all or a portion of its outstanding bank loans and commercial paper issued for temporary financing of utility plant, and (b) the balance, if any, to reimburse the company for capital expenditures.

The utility's reported capitalization ratios as of March 31, 1976, and as adjusted to give effect to the proposed stock issue, assuming proceeds of \$26,000,000, and to the proposed bond issue in Application No. 56490, are as follows:

	<u>March 31, 1976</u>	<u>Pro forma</u>
First mortgage bonds	46.0%	47.3%
Debentures	3.0	2.8
Other long-term debt	.7	.6
Preferred and preference stock	17.9	16.6
Common stock equity	<u>32.4</u>	<u>32.7</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.
4. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted, and that the effective date of the order should be the date on which applicant pays the prescribed fee. 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:

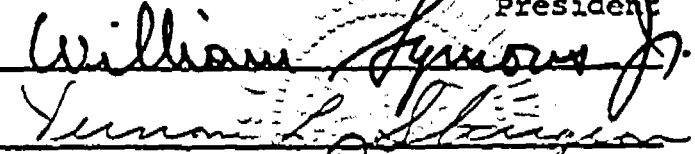
1. San Diego Gas & Electric Company, on or after the effective date hereof and on or before December 31, 1976, may issue and sell not exceeding 2,000,000 shares of its Common Stock, \$5 par value, on terms and conditions to be negotiated with underwriters in accordance with the application.
2. San Diego 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 compensation 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.


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 8th day of JUNE, 1976.



President






Commissioners

