

LSC

Decision No. 86106

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &)
ELECTRIC COMPANY to issue and)
sell not exceeding 250,000 shares)
of its Common Stock, \$5 par value,)
under its Dividend Reinvestment)
Plan.)

Application No. 56575
(Filed June 22, 1976)

O P I N I O N

San Diego Gas & Electric Company seeks authority to issue and sell not exceeding 250,000 shares of its common stock in accordance with a Dividend Reinvestment Plan.

The Dividend Reinvestment Plan would offer holders of the company's common stock a convenient method for investing quarterly dividends and voluntary cash payments in additional shares of the utility's common stock. United California Bank would act as agent for the participating shareholders, and as administrator of the plan.

The purchase price would be the average of the highest and lowest prices for applicant's common stock on the composite tape as published in the Pacific Coast Edition of The Wall Street Journal on the pricing date. If the New York Stock Exchange is open on the pricing date but no trading in applicant's common stock occurs, the purchase price would be determined by averaging the bid and asked prices on that date. If the New York Stock Exchange is closed on the pricing date, prices on the next trading date would be used. The company estimates that 250,000 new shares would be sufficient for meeting the requirements of the plan for a period of approximately one year.

Applicant proposes to use the net proceeds to reimburse its treasury for capital expenditures. Assuming proceeds of \$13 per share from the sale of the new shares of common stock, the total aggregate proceeds would amount to \$3,250,000.

The utility's capitalization ratios at April 30, 1976, and as adjusted to give effect to the proposed stock issue assuming proceeds of \$3,250,000, together with \$26,000,000 from stocks authorized by Decision No. 85929 dated June 8, 1976, and \$45,000,000 from bonds authorized by Decision No. 35983 dated June 22, 1976, are as follows:

	<u>April 30, 1976</u>	<u>Pro Forma</u>
First mortgage bonds	45.8%	47.0%
Debentures	3.0	2.7
Other long-term debt	.7	.6
Preferred and preference stocks	17.8	16.5
Common stock equity	<u>32.7</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 a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The Dividend Reinvestment Plan would not be adverse to the public interest.
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.
5. 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. 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

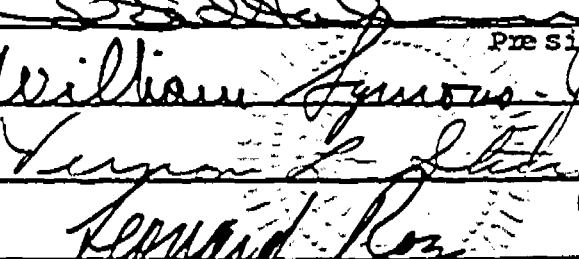
IT IS ORDERED that:

1. San Diego Gas & Electric Company may issue and sell not exceeding 250,000 shares of its common stock, \$5 par value, on terms and conditions substantially as set forth in Exhibit D attached to the application.
2. San Diego Gas & Electric Company shall use the net proceeds to be received from the stock to reimburse its treasury for capital expenditures.
3. On or before the twenty-fifth day of the month following each quarter, San Diego Gas & Electric Company shall file with the Commission a statement for the preceding quarter showing the number of shares of common stock purchased under the Dividend Reinvestment Plan, the gross proceeds received, and the expenses incurred by it in connection with the issue and sale of the common stock. These filings shall be in lieu of reports under General Order No. 24-B.

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4. 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 \$4,250.

Dated at San Francisco, California, this 13th day
of JULY, 1976.


William Lyons Jr. President
Vernon L. Sturgeon
Leonard Roz
Robert Bateman Commissioners

