

ORIGINAL

Decision 82 11 016 NOV 3 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
GAS COMPANY and PACIFIC LIGHTING)
GAS SUPPLY COMPANY to Execute and)
Deliver Credit Agreements Encumber-)
ing Natural Gas Inventories.)

Application 82-10-05
(Filed October 4, 1982)

O P I N I O N

By Decision (D.) 87115 dated March 22, 1977, in Application (A.) 57096 the Commission authorized Southern California Gas Company (SoCal) and Pacific Lighting Gas Supply Company (PLGS) to execute and deliver credit agreements for the purpose of securing bank acceptance credit from Bank of America National Trust and Savings Association (Bank). SoCal and PLGS, were authorized to issue bank acceptance drafts drawn on the Bank for the purpose of purchasing natural gas from interstate suppliers to be put into inventory. Under the terms of the Credit Agreement attached to A.57096 as Exhibit A, the two utilities would encumber a portion of their natural gas inventories. Bank, in turn, would extend bank acceptance credit of \$50,000,000 to SoCal and \$50,000,000 to PLGS. The total amount of credit to both SoCal and PLGS was limited to \$70,000,000 in the aggregate at any one time.

By D.89593 dated October 31, 1978, D.87115 was modified to the extent that SoCal and PLGS may enter into credit agreements with any bank or banks.

By D.92240 dated September 16, 1980, the Commission modified D.87115 and D.89593 to permit bank acceptance financing eligible for discount or purchase by a Federal Reserve Bank and to permit the applicants to execute and deliver credit agreements, gas storage agreements, and license agreements substantially in the forms of Exhibits A, B, C, and D attached to the Petition for Modification, filed July 22, 1980, to modify D.87115 and D.89593 with the additions, deletions, and other changes as may be required by the banks extending bank acceptance credit or the field warehousing company providing field warehouse services. The amount of credit was increased from \$50,000,000 to \$75,000,000 for SoCal and from \$50,000,000 to \$75,000,000 for PLGS. The total for both SoCal and PLGS was increased from \$70,000,000 to \$100,000,000.

In the current application, SoCal and PLGS request authority, under Public Utilities (PU) Code Section 851, to increase the amounts of bank acceptances to \$125,000,000 for SoCal and \$275,000,000 for PLGS and to further encumber a portion of their natural gas inventories. The application states that this request is based on the reason that they anticipate an increased cost of stored gas for the peaking and seasonal load equation and a resulting increase in the need for financing of gas in storage. The application further states that this form of financing is anticipated to be generally less costly than other available methods of borrowing and provides an additional source of funds.

SoCal and PLGS, California corporations, operate as public utilities subject to the jurisdiction of this Commission. SoCal is engaged principally in purchasing, distributing, and selling natural gas to customers throughout most of southern California and portions of central California. PLGS is engaged principally in purchasing, transmitting, and storing natural gas exclusively for SoCal. Both corporations are subsidiaries of Pacific Lighting Corporation, a California corporation.

The Commission's Revenue Requirements Division has reviewed the application and has determined the utilities have need for the continuation of this type of financing with an increase in their credit limits. The Division has concluded that increasing applicants' limits will permit them to meet the future increased cost of stored gas for the peaking and seasonal load equation and will help them to finance gas for storage.

Findings of Fact

1. SoCal and PLGS, California corporations, operate as public utilities under the jurisdiction of this Commission.
2. SoCal's and PLGS's proposed increase in bank acceptance financing is flexible and provides an economic method of financing gas in storage. The proposal is not adverse to the public interest.

3. SoCal and PLGS need external funds for the purposes set forth in the application.

4. The money, property, or labor to be procured or paid for by the proposed increase in bank acceptance financing is reasonably required for the purposes specified in the application.

5. There is no known opposition to the application and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

The proposed increase in the limit of bank acceptance financing is for lawful purposes, and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the bank acceptance financing may not be charged to operating expenses or income.

The following order should be effective on the date of signature to enable SoCal and PLGS to proceed with their bank acceptance financing expeditiously.

O R D E R

IT IS ORDERED that:

1. D.87115, D.89593, and D.92240 are modified to the extent that Southern California Gas Company (SoCal) and Pacific Lighting Gas Supply Company (PLGS) may modify their Credit Agreements, execute and deliver additional Credit Agreements with any bank or banks to continue in effect, or may modify or enter into new License Agreements and Gas Storage Agreements with any warehouse company to utilize bankers' acceptance credit up to \$125,000,000 for SoCal and \$275,000,000 for PLGS.

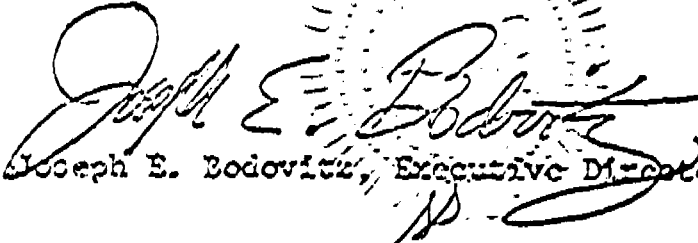
2. Within 30 days after executing and delivering any Credit Agreement, Gas Storage Agreement, or License Agreement, SoCal and PLGS shall file a copy of it with the Commission.

This order is effective today.

Dated NOV 3 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director