

RR/KLH/ARM/WPSC

ORIGINALDecision 82 12 011 DEC 1 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &)
 ELECTRIC COMPANY to extend and)
 increase its short-term borrowing)
 authorization to an aggregate)
 principal amount not to exceed)
 \$275,000,000, in addition to that)
 amount otherwise authorized by)
 Public Utilities Code Section 823.)

Application 82-10-27
 (Filed October 13, 1982)

O P I N I O N

San Diego Gas & Electric Company (SDG&E) requests authority, under Public Utilities (PU) Code Section 823(c), to increase its short-term debt authority from \$200,000,000 up to \$275,000,000, an increase of \$75,000,000 over that authorized by Decision (D.) 91195 dated January 8, 1980 in Application (A.) 59256 and to extend the period of authorization up to and including December 31, 1987.

Notice of the filing of the application appeared on the Commission's Daily Calendar of October 15, 1982. No protests have been received.

SDG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission. SDG&E provides electric service in portions of Imperial and Orange Counties and electric, gas, and steam service in portions of San Diego County.

For the 12 months ended August 31, 1982, SDG&E reports it generated total operating revenues of \$1,343,986,000 and net income of \$144,724,000 shown in the application as part of Exhibit A.

Also shown as part of Exhibit A is SDG&E's Balance Sheet as of August 31, 1982 summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$1,935,894,628
Other Property & Investments	38,998,714
Current and Accrued Assets	284,358,895
Deferred Debits	<u>42,714,152</u>
Total	\$2,301,966,389

Liabilities and Equity

Common Equity	\$ 991,682,029
Preferred/Preference Stock	27,500,000
Long-Term Debt ^{1/}	767,795,472
Current and Accrued Liabilities ^{1/}	401,082,742
Deferred Credits and Reserves	<u>113,906,146</u>
Total	\$2,301,966,389

^{1/} Current portion of long-term debt, \$15,092,300, transferred to Current and Accrued Liabilities

As of August 31, 1982, SDG&E had outstanding short-term obligations totaling \$202,580,545. This total consisted of commercial paper and promissory notes in the amount of \$103,988,245, including \$8,988,245 of Notes Payable to Subsidiaries (used for capital additions and improvements); \$83,500,000 of bankers' acceptances (used to finance fuel oil); and \$15,092,300 covering the current portion of long-term debt payable within 12 months.

SDG&E could issue up to \$63,273,000 aggregate principal amount of short-term debt, as of August 31, 1982, without the authority under PU Code Section 823(c). It has authority under D.91195 dated January 8, 1980 in A.59256 to issue and sell an additional \$200,000,000 under PU Code Section 823(c) giving it the combined authority to issue short-term obligations totaling \$263,273,000.

In this application, SDG&E requests that in addition to the \$263,273,000 aggregate principal amount of short-term promissory notes and bankers' acceptances it may now issue and sell, it be authorized another \$75,000,000 to increase its overall borrowing capacity to \$338,273,000. SDG&E anticipates it may be necessary to borrow this amount from time to time on a short-term basis prior to December 31, 1987. This borrowing will be evidenced by SDG&E's commercial paper, short-term promissory notes, and other credit agreements with various banks or other financial institutions.

SDG&E requests this increase in its short-term borrowing authorization for the following reasons:

1. To permit it greater flexibility in the timing of security offerings;
2. To provide the capability to quickly expand short-term borrowings in the event of delays or cancellations of its security offerings; and

3. To accommodate the uncertainty in the timing and amount of rate relief; the timing and amount of specific long-term financings; and the financial impact of any unforeseen contingencies.

The utility proposes to repay short-term borrowing from time to time out of funds available from internal sources and the sale of additional securities and additional short-term borrowings within the limits of the authority in this application.

Use of Proceeds

In this application, SDG&E requests authority to extend the term and increase the amount of its short-term borrowing authorization in order to obtain adequate temporary financing to cover the following:

1. Additions and extensions of its utility plant;
2. Undercollections in SDG&E's Balancing Accounts which contained undercollections as of August 31, 1982 in the amount of \$9,000,000; and
3. Retirements of a portion of SDG&E's long-term debt.

SDG&E's construction budget for calendar year 1982 amounts to \$319,369,000 of which \$184,773,000 had been spent as of August 31, 1982. The construction budget for calendar year 1983

has an estimated cost outlay of \$425,575,000. Major classifications of the 1982 and 1983 budgeted construction is summarized as follows:

<u>Description</u>	<u>1982</u>	<u>1983</u>
Electric Production	\$135,662,000	\$112,548,000
Electric Transmission	66,483,000	214,665,000
Electric Distribution	86,621,000	75,398,000
Gas Production, Transmission, and Distribution	21,964,000	19,751,000
Steam Department	333,000	25,000
Common Plant	<u>8,306,000</u>	<u>2,188,000</u>
Total	\$319,369,000	\$424,575,000

SDG&E reports it had unreimbursed construction that as of August 31, 1982 totaled \$286,330,253 on which it could issue additional indebtedness.

SDG&E's capital ratios reported as of August 31, 1982 are shown below as recorded and adjusted to give pro forma effect to the transactions that follows:

	<u>August 31, 1982</u>	<u>Pro Forma</u>
Long-Term Debt	38.6%	39.6%
Short-Term Debt	10.2	7.4
Total Debt	<u>48.8</u>	<u>47.0</u>
Preferred/Preference Stock	13.6	13.5
Common Equity	<u>37.6</u>	<u>39.5</u>
Total	100.0%	100.0%

1. The proposed increase in short-term debt authorization from \$200,000,000 to \$275,000,000 outstanding at any one time, a net increase of \$75,000,000;

2. The issuance and sale of \$145,000,000 aggregate principal amount of SDG&E's First Mortgage Bonds (Bonds) (D.93733 dated November 13, 1981 in A.60933);
3. The retirement of \$400,000 principal amount of First Mortgage Bonds, Series 5-1/2%, in September 1983 and \$375,000 principal amount of First Mortgage Bonds, Series 5-5/8% in January 1983 (D.93270 dated July 7, 1981 in A.60554);
4. The retirement of \$30,000 principal amount of Debenture, Series 4-5/8% in January 1983 (D.57718 dated December 16, 1958 in A.40648);
5. The retirement of \$32,700 principal amount of Debentures, Series 4-1/2%, in September 1983 (D.67672 dated August 11, 1964 in A.46837);
6. The retirement of \$13,333,300 principal amount of a bank term loan from First Chicago Bank due in May 1985 (D.87226 dated April 19, 1977 in A.57207);
7. The retirement of \$2,333,300 principal amount of a foreign term bank loan from Credit Suisse, due in April 1986 (D.90210 dated April 24, 1979 in A.58771);
8. The issuance and sale of 1,350,000 shares of Preference Stock (Cumulative) estimated to produce net proceeds of \$35,500,000 (D.93733 dated November 13, 1981 in A.60933);
9. The retirement of \$2,000,000 of \$9.125 Series Preference Stock (Cumulative) (D.87474 dated June 21, 1977 in A.57335);

10. The issuance and sale of 4,000,000 shares of SDG&E's Common Stock, \$5 par value, at the assumed price of \$16.10 per share estimated to produce net proceeds of \$64,400,000 (D.93733 dated November 13, 1981 in A.60933); and
11. The proposed issuance and sale of up to 5,000,000 additional shares of SDG&E's Common Stock, \$5 par value, at the assumed price of \$16.10 per share estimated to produce net proceeds of \$80,500,000 (A.82-10-26 filed October 13, 1982).

The Revenue Requirements Division has reviewed SDG&E's 1982 and 1983 construction program. The Division has no objection to the proposed increase in short-term borrowing authorization requested in the application but reserves the right to reconsider the reasonableness of any specific construction expenditure in future rate proceedings.

The Revenue Requirements Division has analyzed the financial data provided by SDG&E and has concluded that the requested short-term borrowing authorization is necessary to help SDG&E meet its projected capital requirements.

Findings of Fact

1. SDG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission.
2. The proposed short-term notes and commercial paper would be for proper purposes.
3. SDG&E needs external funds for the purposes set forth in its application.

4. The money, property, or labor to be procured or paid for by the proposed short-term notes and commercial paper is reasonably required for the purposes specified in the application.

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

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 action taken shall not be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates, nor as indicative of the action the Commission would take on an application or applications for permanent financing.

The following order should be effective on the date of signature and payment of the fee set by PU Code Section 1904(b) to enable SDG&E to issue its short-term obligations expeditiously.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company (SDG&E), on or after the effective date of this order and on or before December 31, 1987, for the purposes set forth in the application, may issue short-term obligations in the form of promissory notes and commercial paper in the aggregate principal amount up to \$275,000,000 outstanding at any one time, in addition to that otherwise authorized under PU Code Section 823(c).

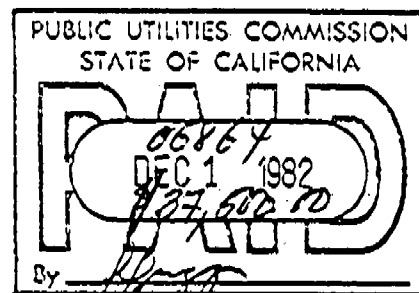
2. SDG&E shall apply the net proceeds from the sale of its short-term obligation to the purposes set forth in the application.

3. On or before the tenth day of each month, SDG&E shall file with the Commission a summary for the preceding month showing the aggregate amount of promissory notes and commercial paper issued and the purposes for which they were issued. This filing shall be in lieu of reports required by General Order Series 24.

4. The authority granted by this order to issue short-term indebtedness will be effective when SDG&E pays \$37,500, the fee set by PU Code Section 1904(b).

Dated DEC 1 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 MOREY.

Joseph E. Bodovitz
Joseph E. Bodovitz, Executive Director