

ORIGINAL

Decision S3 06 006 JUN 1 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company to reopen Decision No. 91238 dated January 15, 1980, to obtain authority to execute and issue evidences of indebtedness to finance the purchase of fuel, goods, and other commodities, and to utilize various warehousing agents in connection therewith.

Application 83-04-49 (Filed April 22, 1983)

O P I N I O N

San Diego Gas & Electric Company (SDG&E) requests authority, under Public Utilities (PU) Code Section 1708, to modify Decision (D.) 91238 dated January 15, 1980 in Application (A.) 59257 for the following:

1. To use the authorization granted under D.91238 to finance the purchase of any fuel, including natural gas, and other goods or commodities and
2. To use any warehousing agent in addition to, or in place of, the agent identified in D.91238 for purposes of establishing a field warehouse, if necessary, for financing the foregoing purchases.

Summary of Decision

This decision grants SDG&E the authority it requested in the application.

Notice of the filing of the application appeared on the Commission's daily calendar of April 26, 1983. 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 Orange County and electric, gas, and steam service in portions of San Diego County.

For calendar year 1982, SDG&E reports it generated total operating revenues of \$1,430,948,322 and net income of \$157,392,981 shown as part of Exhibit A attached to A.83-03-37 filed March 14, 1983.

Also shown as part of Exhibit A in A.83-03-37 is SDG&E's Balance Sheet as of December 31, 1982 summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$2,054,063,099
Other Property & Investments - Net	39,244,700
Current and Accrued Assets	316,740,718
Deferred Debits	<u>34,046,459</u>
Total	\$2,444,094,976
<u>Liabilities and Equity</u>	
Common Equity	\$ 817,440,840
Preferred/Preference Stock	269,000,000
Long-Term Debt	802,438,409
Current and Accrued Liabilities	424,597,318
Deferred Credits and Reserves	<u>130,618,409</u>
Total	\$2,444,094,976

Historical Financing of Fuel Oil

SDG&E was originally granted authority in D.84202 dated March 18, 1975 in A.55500 to use bankers' acceptance financing and issue evidences of indebtedness in amounts up to \$60,000,000 for the purpose of financing the purchase of fuel oil.

Under D.91238 dated January 15, 1980 in A.59257, SDG&E was granted authority, through the end of calendar year 1985, to increase the amount of its evidences of indebtedness to \$150,000,000 and to lease its fuel oil storage facilities to Lawrence Systems, Inc., for purposes of establishing a field warehouse facility, in connection with the utilization of bankers' acceptance financing.

In this application, SDG&E proposes the following:

1. To use the authorization for bankers' acceptance financing granted under D.91238 to purchase any fuel in addition to fuel oil, including, without limitation, natural gas and liquid natural gas (LNG) and other goods and commodities which a bank may find eligible, under applicable banking laws, for bankers' acceptance financing, and
2. To use any other warehouse agent, in addition to or in place of Lawrence Systems, Inc., the warehousing agent named in D.91238, as a warehousing agent for purposes of supplying the necessary documents of the various lending banks.

SDG&E states that the ability to finance the purchase of natural gas or other fuels, goods, or commodities by means of

bankers' acceptances will generally result in a lower cost of financing than would be available under alternative sources of financing.

SDG&E also states that the authority to use warehouse agents other than Lawrence Systems, Inc., would allow it to negotiate with other agents to obtain the best possible services at the lowest possible costs. SDG&E states that it would not change warehouse agents unless it were deemed to be in the best interests of the corporation or its ratepayers.

The Commission's Revenue Requirements Division has reviewed the application and has concluded that SDG&E's requests are reasonable and should be granted. The Division reserves the right to reevaluate the reasonableness of the expenditures involved and the rate base treatment in future rate proceedings.

Findings of Fact

1. SDG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission.
2. The proposed evidences of indebtedness and use of bankers' acceptance financing for the purchase of natural gas and other goods and commodities would be for proper purposes.
3. The proposed leasing arrangement and use of any warehouse agent, or agents, is for a proper purpose and is not adverse to the public interest.

4. The money, property, or labor to be procured or paid for by the proposed 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 security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

The following order should be effective on the date of signature to enable SDG&E to proceed with the financing of its various purchases expeditiously.

O R D E R

IT IS ORDERED that:

1. San Diego Gas and Electric Company (SDG&E), on or after the effective date of this order and on or before December 31, 1985, for the purposes set forth in this proceeding and in Decision (D.) 91238, dated January 15, 1980 in Application (A.) 59257, may issue evidences of indebtedness in an aggregate principal amount at

any one time outstanding up to \$150,000,000 to any bank or banks for purposes of using bankers' acceptance financing for the purchase of any fuel, including, without limitation, fuel oil, natural gas, and other goods and commodities.

2. SDG&E may execute and deliver credit agreements and associated documents with any bank or banks as contemplated in this proceeding and as may be necessary to employ bankers' acceptance financing for the purchases contemplated in the application.

3. SDG&E may enter into one or more leases and other agreements with any warehouse agent, or agents, for the purpose of establishing field warehouses as may be necessary in connection with the use of the bankers' acceptance financing contemplated in the application.

4. On or before the tenth day of each month, SDG&E shall file with the Revenue Requirements Division a summary for the preceding month showing borrowings made, borrowings repaid, and outstanding balances. These summaries shall be in lieu of reports required under General Order Series 24-B.

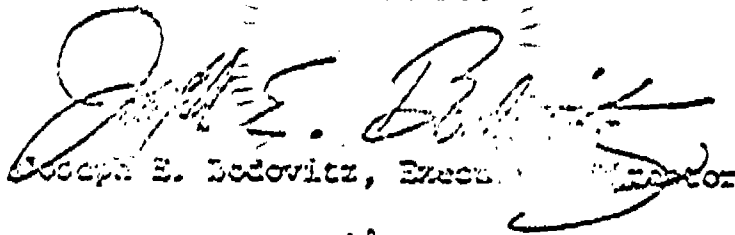
5. In all other respects, D.91238 dated January 15, 1980 in A.59257 remains in full force and effect.

This order is effective today.

Dated JUN 1 1983, at San Francisco, California.

LEONARD M. CRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

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


Joseph E. Bodovitz, Executive Director