

Decision No. 86999

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &)
ELECTRIC COMPANY, to issue and)
sell not exceeding \$50,000,000)
of bonds and to execute a)
supplemental indenture.)

Application No. 57028
(Filed January 24, 1977)

O P I N I O N

San Diego Gas & Electric Company seeks authority to issue and sell at competitive bidding not exceeding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series Q, and to execute and deliver an Eighteenth Supplemental Indenture.

Applicant is a California corporation engaged principally in the business of providing electric service in portions of Orange and Imperial Counties, and electric, gas and steam service in portions of San Diego County. The utility reports that as of December 31, 1976, its uncapitalized construction amounted to \$87,350,685, and the unexpended balance of its capital budget was \$607,956,000.

The utility proposes to issue and sell \$50,000,000 aggregate principal amount of its bonds and to use the net proceeds (exclusive of accrued interest which would be used for general corporate purposes) for retirement and discharge of all or a portion of its then outstanding short-term bank loans and commercial paper issued for temporary financing of utility plant, and the balance, if any, to reimburse the company for capital expenditures. The bonds would be secured by an existing indenture as heretofore supplemented and amended and as further supplemented by a proposed Eighteenth Supplemental Indenture.

The reported capitalization ratios of the company as of December 31, 1976 and as adjusted to give effect to the proposed bond issue, and as of May 31, 1977 after giving effect to anticipated additional common stock, are as follows:

	<u>December 31, 1976</u>		<u>May 31, 1977</u>
	<u>Actual</u>	<u>Pro Forma</u>	<u>Pro Forma</u>
Long-term debt	50.5%	53.0%	50.5%
Preferred and preference stock	16.3	15.5	14.8
Common stock equity	<u>33.2</u>	<u>31.5</u>	<u>34.7</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed bonds would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in the application.
3. The proposed Eighteenth Supplemental Indenture would not be adverse to the public interest.
4. The money, property or labor to be procured or paid for by the bonds herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for accrued interest, are 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. The authorization herein granted is for the purpose of this proceeding only, and is not to be construed 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 invite the submission of written sealed bids for the purchase of not exceeding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series Q.
2. San Diego Gas & Electric Company may issue and sell at competitive bidding not exceeding \$50,000,000 aggregate principal amount of its First Mortgage Bonds, Series Q, on terms and conditions to be determined substantially in accordance with the application.
3. San Diego Gas & Electric Company may execute and deliver its Eighteenth Supplemental Indenture substantially in the form attached to the application as Exhibit E with modification or insertion of such terms and conditions as interest rate, principal amount, maturity and other payment dates, place and manner of payment, choice of law, call protection and other redemption provisions (including a sinking fund, if any) as may be contemplated by the application.
4. San Diego Gas & Electric Company shall use the net proceeds from the sale of said bonds for the purposes referred to in the application.
5. Promptly after awarding the contract for the sale of said bonds, San Diego Gas & Electric Company shall file with the Commission a written report showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based upon such price and interest rate.
6. As soon as available, San Diego Gas & Electric Company shall file with the Commission three copies of its final prospectus pertaining to said bonds.

7. Within one month after issuing and selling the bonds herein authorized, San Diego Gas & Electric Company shall file with the Commission a statement, in lieu of a report under General Order 24-B, disclosing the purposes for which it used the bond proceeds.

8. This order shall become effective when San Diego Gas & Electric Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$31,000.

Dated at San Francisco, California, this 23rd day of February, 1977.

Robert R. ...

President

William Symons, Jr.

Richard D. ...

Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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By *deputy*