

Decision No. 87115**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)	
GAS COMPANY and PACIFIC LIGHTING)	Application No. 57096
SERVICE COMPANY to Execute and)	(Filed February 17, 1977)
Deliver Credit Agreements Encumbering)	
Natural Gas Inventories.)	

O P I N I O N

Southern California Gas Company and Pacific Lighting Service Company seek authority to execute and deliver Credit Agreements encumbering a portion of their natural gas inventories.

Applicants are California corporations operating as public utilities subject to the jurisdiction of this Commission. Southern California Gas Company is engaged principally in purchasing, distributing and selling natural gas to customers throughout most of southern California and portions of central California. Pacific Lighting Service Company is engaged principally in purchasing, transmitting and storing natural gas for sale exclusively to Southern California Gas Company for resale. Both corporations are subsidiaries of Pacific Lighting Corporation, a California corporation.

The utilities propose to enter into Credit Agreements with Bank of America National Trust and Savings Association, whereunder they would issue bank acceptance drafts drawn on the bank for the purpose of purchasing natural gas from interstate suppliers to be put into inventory. The amount of credit extended to each applicant by the bank would not at any time exceed \$50,000,000, or \$70,000,000 in the aggregate to both applicants. Drafts would bear varying maturity dates, but in no event would a draft be issued for a period in excess of 270 days.

The Credit Agreements would encumber public utility property by virtue of Section 7 thereof where, according to Exhibit A attached to the application, the first sentence would read as follows:

"Borrower hereby pledges and assigns to Bank and grants to Bank a continuing security interest in the Natural Gas purchased with the proceeds of Acceptance Credit Advances, whether now owned or hereafter acquired, wherever located, all proceeds thereof and any and all rights to insurance thereof, to secure all obligations and liabilities, direct or contingent, of Borrower to Bank under this Agreement."

Applicants propose to use bank acceptance financing of interstate natural gas purchases for the reason that such form of financing is anticipated to be generally less costly than currently used unsecured methods of borrowing and provides an additional source of funds.

After consideration the Commission finds that the Credit Agreements would not be adverse to the public interest, and that there is no known opposition and there is no reason to delay granting the relief requested. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that Southern California Gas Company and Pacific Lighting Service Company may execute and deliver Credit Agreements substantially in the form attached to the application as Exhibit A with \$50,000 changed to \$50,000,000 in the third line of paragraph 1 thereof.

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IT IS FURTHER ORDERED that within 30 days after executing and delivering the Credit Agreements herein authorized, each applicant shall file with the Commission a copy thereof.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 22nd day of March, 1977.

Robert Bateman
President
William Ferguson J.
Vernon L. Sturgeon
Leonard Ross
Richard W. Howell
Commissioners