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Decision No. 88871 MAY 31 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC)
 COMPANY, to issue and sell not exceeding) Application No. 57964
 500,000 shares of its Common Stock, \$5) (Filed March 31, 1978)
 par value, under The Savings Plan of)
 Applicant.)

O P I N I O N

San Diego Gas & Electric Company (SDG&E) seeks authority to issue and sell not exceeding 500,000 shares of its \$5 par value common stock in accordance with The Savings Plan (Plan) designed for its employees.^{1/}

Under the Plan, employees may elect to contribute a specific percentage of their compensation to a trustee for purchase of common stock. SDG&E's contribution to the Plan is an amount equivalent to one-half of the employees' aggregate basic contributions per quarter, less forfeitures. The trustee purchases the common stock from SDG&E at the average of the highest and lowest prices for the company's common stock on the New York Stock Exchange on the purchase date. The company estimates that 500,000 shares would be sufficient to meet the requirements of the Plan for a period of at least one year.

SDG&E plans to use the estimated net proceeds of \$8,000,000 from the proposed sale to reimburse its treasury for capital expenditures, the unreimbursed portion of which amounted to \$49,409,095 as of February 28, 1978.^{2/}

^{1/} Common stock was last authorized pursuant to the Plan by Decision No. 85245 dated December 16, 1975 in Application No. 56080.

^{2/} SDG&E's common stock closed at 15-1/8 on May 3, 1978.

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SDG&E's capital ratios on December 31, 1977 and as adjusted on a pro forma basis are summarized as follows:

Component	December 31, 1977	Pro Forma
First mortgage bonds	47.5%	47.1%
Debentures	2.2	2.0
Other long-term debt	4.9	4.4
Preferred and preference stock	16.3	16.7
Common stock equity	34.1	34.8
Total	100.0%	100.0%

The pro forma ratios in the foregoing summary reflect the common stock issue proposed herein and an additional 500,000 shares of common stock which SDG&E seeks authority to issue in Application No. 57962 filed March 31, 1978 in connection with its Dividend Reinvestment Plan. The following issues authorized previously in 1978 by the Commission are also included:

Issue	Amount
1,000,000 shares of preference stock sold in March Decision No. 88474, dated February 7, 1978, in Application No. 57740	\$26,500,000
2,500,000 shares of common stock Decision No. 88611, dated March 21, 1978, in Application No. 57866	37,000,000
First Mortgage Bonds, Series R, due 2008 Decision No. 88612, dated March 21, 1978, in Application No. 57871	50,000,000

The Finance Division concludes that the proposed sale of common stock is appropriate under the circumstances. The Operations Division has reviewed the application and concurs with this conclusion.

After consideration the Commission finds that:

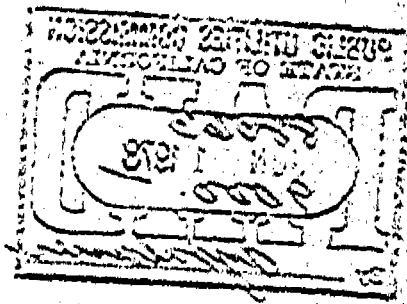
1. The proposed stock would be for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The Savings Plan would not be adverse to the public interest.
4. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

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.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of applicant's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

[Handwritten signature]



Commissioner
Chief, Division of Public Utilities
Department of Public Service
Washington, D. C.

ORDER

IT IS ORDERED that:

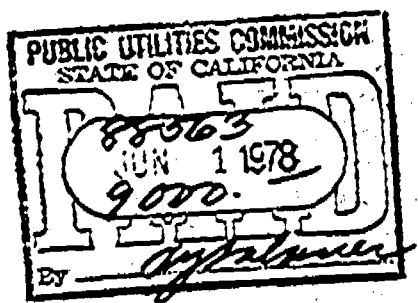
1. San Diego Gas & Electric Company may issue and sell not exceeding 500,000 shares of its common stock, substantially in accordance with The Savings Plan and the Trust Agreement set forth in Exhibits E and F, respectively, attached to the application.

2. San Diego Gas & Electric Company shall apply the net proceeds from the sale of stock herein authorized to the purpose set forth in the application.

3. On or before the twenty-fifth day of the month following each quarter in which a portion of such stock is issued, San Diego Gas & Electric Company shall file with the Commission a summary showing the total number of shares issued under the authority herein granted, the gross proceeds received, and the expenses incurred in connection with the issue and sale of the common stock. These filings shall be in lieu of reports under General Order No. 24-B.

4. This order shall become effective when San Diego Gas & Electric Company has paid the fee prescribed by Section 1904.22 of the Public Utilities Code, which fee is \$9,000.

Dated at San Francisco, California, this 31st day of MAY, 1978.



President
William J. ...
...
...

Commissioners -
Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.
Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.