

ORIGINAL

Decision No. 91195 JAN-8-1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY to issue its short-term promissory notes in an aggregate principal amount of not exceeding \$200,000,000 in addition to that amount otherwise authorized by Public Utilities Code Section 823.

Application No. 59256
(Filed November 6, 1979)

O P I N I O N

San Diego Gas & Electric Company (SDG&E) requests authority to renew and increase its authorization to issue and sell short-term promissory notes in an aggregate principal amount not exceeding \$200,000,000 at any one time outstanding in addition to the amount otherwise authorized by Section 823(c) of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of November 7, 1979.

SDG&E is a California corporation engaged principally in the business of providing electric service in portions of Imperial and Orange Counties, and electric, gas and steam service in portions of the County of San Diego. For the twelve months ended September 30, 1979, SDG&E reports operating revenues of \$701,805,000 and net income of \$63,252,000.

As of September 30, 1979, SDG&E had outstanding \$27,021,000 of short-term debt, the proceeds of which were used for capital improvements. The company's construction budget for the year 1979

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amounts to \$214,826,000 of which \$165,404,000 has been spent through the first nine months of the year. A classification of the budgeted construction follows:

<u>Description</u>	<u>Amount</u>
Electric Production	\$101,777,000
Electric Transmission	34,011,000
Electric Distribution	59,245,000
Gas Production, Transmission and Distribution	15,634,000
Steam Department	50,000
Common Plant	<u>4,109,000</u>
Total	<u>\$214,826,000</u>

The utility reports that as of September 30, 1979, unreimbursed construction expenditures totaled \$72,737,498 as set forth in the following summary:

<u>March 31, 1921 to September 30, 1979</u>	
Net Construction Expenditures	\$1,730,389,401
Par Value of Redeemed Securities	<u>143,120,463</u>
Total	<u>\$1,873,509,864</u>
<u>Deductions:</u>	
Amount Not Bondable Per Decision No. 10032	\$ 45,116
Proceeds from Sale of Bonds and Notes	801,633,310
Proceeds from Sale of Debentures	34,598,022
Proceeds from Sale of Preferred Stock	225,853,104
Proceeds from Sale of Common Stock	366,181,398
Depreciation Reserve	<u>372,461,416</u>
Total	<u>\$1,800,772,366</u>
Unreimbursed Construction as of September 30, 1979	<u>\$ 72,737,498</u>

By Decision No. 88266, dated December 20, 1977, in Application No. 57682, the Commission authorized SDG&E to issue evidences of indebtedness in the aggregate principal amount of not exceeding \$185,000,000 at any one time outstanding in addition to those otherwise authorized by Section 823(c) of the Public Utilities Code.

SDG&E requests authority in the present application to extend the term and increase the amount of its short-term borrowing in order to obtain adequate temporary financing of additions and extensions of its utility plant and to temporarily finance undercollections of the various balancing accounts. In addition, the increased short-term borrowing authorization allows greater flexibility in the timing of security offerings and provides the capability to quickly expand short-term notes in the event of delay or cancellation of security offerings. The company anticipates it will be necessary for it to borrow from time-to-time on a short-term basis prior to December 31, 1984, up to \$250,000,000.

As of September 30, 1979, the amount of notes which could be issued by SDG&E pursuant to Section 823(c) was approximately \$50,000,000. The proposed short-term promissory notes in an aggregate principal amount of not exceeding \$250,000,000 would, therefore, include an amount of \$200,000,000 beyond that authorized by Section 823(c).

The \$200,000,000 of proposed loans would be evidenced by (1) either (a) short-term promissory notes in principal amount up to \$100,000,000 issued pursuant to lines of credit with various banks and currently bearing interest at approximately 1.08 times the prevailing prime rate of such banks or (b) commercial paper in principal amount up to \$100,000,000 utilizing the lines of credit with the various banks as backup to such paper or (c) some combination of short-term promissory notes and commercial paper,

all plus an annual fee of 1/2 of 1 percent of the line of credit; (2) \$50,000,000 in letters of credit to support commercial paper issued pursuant thereto or for alternative borrowings, at SDG&E's option, tied to (a) the London Interbank Rate, or (b) Prime Rate, or (c) Federal Funds Rate, all plus a fee depending on the option selected; and (3) \$50,000,000 upon terms to be negotiated from time-to-time.

SDG&E also seeks authorization to negotiate with any bank willing to extend credit up to the aggregate principal amount authorized herein.

SDG&E proposes to repay such borrowings from time-to-time out of funds available from internal sources and the sale of additional securities.

The Revenue Requirements Division has reviewed the application in conjunction with SDG&E's construction program and concludes that the proposed financing is necessary to implement the company's construction program. The Division reserves the right, however, to reconsider the reasonableness of any construction expenditures in future rate proceedings.

Findings of Fact

1. SDG&E is a California corporation operating as a public utility subject to the jurisdiction of this Commission.
2. The proposed notes and commercial paper would be for proper purposes.
3. SDG&E has need for external funds for the purposes set forth in the application.
4. The money, property or labor to be procured or paid for by the notes and commercial paper herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

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 herein 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.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company, on or after the effective date hereof, and on or before December 31, 1984, for the purposes set forth in the application, may issue promissory notes and commercial paper, in the aggregate principal amount of not exceeding \$200,000,000 at any one time outstanding, in addition to that otherwise authorized pursuant to Section 823(c) of the Public Utilities Code.

2. On or before the tenth day of each month San Diego Gas & Electric Company shall file with the Commission a summary for the

preceding month showing the aggregate amount of promissory notes and commercial paper issued hereunder and the purposes for which they were issued. The filing shall be in lieu of reports under General Order No. 24-B.

3. 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 \$7,500.

Dated JAN 8 - 1980, at San Francisco, California.

John G. Byron
President
William L. Stinson
Richard W. Howell
Clayton T. Padgett
Samuel M. Spivey
Commissioners

