

ORIGINAL

Decision No. 92240 SEP 16 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)	
GAS COMPANY and PACIFIC LIGHTING)	
SERVICE COMPANY to Execute and)	Application No. 57096
Deliver Credit Agreements)	Petition for Modification
Encumbering Natural Gas)	(Filed July 22, 1980)
Inventories.)	
_____)	

OPINION AND ORDER FOR
MODIFICATION OF DECISIONS NOS. 87115 AND 89593

By Decision No. 87115 dated March 22, 1977 the Commission authorized Southern California Gas Company (SoCal) and Pacific Lighting Service Company (PLS) to execute and deliver credit agreements for the purpose of securing bank acceptance credit from Bank of America National Trust and Savings Association (Bank). Under the terms of the credit agreement, attached to the application as Exhibit A, the two utilities would encumber a portion of their natural gas inventories. Bank in turn would extend bank acceptance credit of \$50,000,000 to SoCal and \$50,000,000 to PLS. The total amount of credit to both SoCal and PLS would not exceed \$70,000,000 in the aggregate at any time.

By Decision No. 89593 dated October 31, 1978, said Decision No. 87115 was modified to the extent that SoCal and PLS may enter into credit agreements with any bank or banks.

By Petition for Modification filed on July 22, 1980, SoCal and PLS have requested the Commission to modify said Decisions Nos. 87115 and 89593 to permit bank acceptance financing which is eligible for discount or purchase by a Federal Reserve Bank and to execute and deliver credit agreements, gas storage agreements, and

license agreements substantially in the forms of Exhibits A, B, C, and D attached to the Petition for Modification with such additions, deletions, and other changes as may be required by the banks extending bank acceptance credit or by the field warehousing company providing field warehouse services and to increase the amount from \$50,000,000 to \$75,000,000 to SoCal, from \$50,000,000 to \$75,000,000 for PLS, and the total to both SoCal and PLS from \$70,000,000 to \$100,000,000.

SoCal and PLS seek authority to obtain bank acceptance credit which is eligible for discount or purchase by a Federal Reserve Bank for the reason that such financing might be less costly than would be the case were the acceptance credit to be ineligible. SoCal and PLS further seek authority to increase the amounts from \$50,000,000 to \$75,000,000 to each of SoCal and PLS and to increase the aggregate for both SoCal and PLS from \$70,000,000 to \$100,000,000 because an increase in gas inventories is anticipated and bank acceptance financing is a flexible and economical means of financing gas in storage.

Since the use of eligible acceptances might result in a lower cost of money on short-term indebtedness than would be the case were SoCal and PLS limited to ineligible acceptances, and since bank acceptance financing is a flexible and economical method of financing gas in storage, we find the proposal to be in the public interest and SoCal's and PLS' request will therefore be granted. The matter is noncontroversial and there is no reason to delay granting the authority requested. A public hearing is not necessary.

IT IS ORDERED that:

1. Decisions Nos. 87115 and 89593 are modified to the extent that Southern California Gas Company and Pacific Lighting Service Company may additionally enter into a credit agreement or agreements

with any bank or banks and in connection therewith to execute and deliver credit agreements substantially in the forms of Exhibits A and B attached to the Petition for Modification filed July 22, 1980, and a license agreement or agreements and a gas storage agreement or agreements with any warehouse company substantially in the forms of Exhibits C and D attached to said Petition for Modification, all with such addition, deletions, and other changes as may be required by the bank extending bank acceptance credit or by the warehouse company providing field warehouse services, and otherwise under the terms described in the Petition for Modification.

2. That within thirty days after executing and delivering any Credit Agreement, Gas Storage Agreement, or License Agreement, as herein authorized, Southern California Gas Company and Pacific Lighting Service Company will file with the Commission a copy thereof.

The effective date of this order is the date hereof.

Dated SEP 16 1980, at San Francisco, California.

John E. Burns
President
William L. Sturgeon
Richard C. Hooper
Clayton J. DeLoach
Francis W. Smith
Commissioners