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Decision No. 12215.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
SOUTHERN CALIFORNIA GAS COMPANY)
for an order authorizing the issue)
and sale of bonds.)

Application Number 9111

A. E. Peat, for Applicant.

BY THE COMMISSION:

OPINION

SOUTHERN CALIFORNIA GAS COMPANY in this application asks permission to issue and pledge with the trustee under its first and refunding mortgage \$546,000.00 face value of its first mortgage bonds, and to issue and sell \$2,500,000.00 face value of its first and refunding mortgage Series "C" bonds.

A public hearing was held before Examiner Fankhauser at San Francisco.

The record shows that on November 1, 1910, applicant executed a first mortgage to secure the payment of \$10,000,000.00 of bonds and that on March 1, 1921, it executed its first and refunding mortgage to secure the payment of a total authorized issue of \$25,000,000.00 of bonds. The new mortgage, among other things, provides that the uncertified first mortgage bonds shall from time to time be certified by the trustee under the first mortgage and deposited with the trustee under the first and refunding mortgage as collateral security for the first and refunding mortgage bonds.

It appears from the application that of the \$10,000,000.00 of first mortgage bonds, \$4,566,000.00 have been issued and sold, \$4,865,000. are pledged as collateral, \$23,000.00 are reserved to retire underlying liens and \$546,000.00 remain issuable at this date. Of the \$25,000,000.00 of first and refunding mortgage bonds, the company pursuant to authority received from the Railroad Commission has issued and sold \$4,865,000.00, consisting of \$2,865,000.00 of Series "A" 7 percent. bonds due March 1, 1951 and \$2,000,000.00 of Series "B" 5-1/2 percent. bonds due September 1, 1952. The Series "C" bonds proposed to be issued will bear interest at 6 percent. per annum and will mature on June 1, 1958. The company reports that it has arranged for their sale at 94.75 percent. of face value plus accrued interest.

Applicant asks permission to issue and sell the Series "C" bonds for the purpose of financing the cost of constructing extensions, additions and betterments to its plants and properties. It appears from the application that prior to April 30, 1923, the company expended for capital purposes the sum of \$1,131,275.43, for which it has not been reimbursed by the issuance of bonds. A detail statement of these expenditures is on file with the Commission. It estimates that it will have to expend during 1923 \$3,953,853.00 for extensions, additions and betterments. These expenditures are shown in applicant's Exhibit "B" as follows:-

10 million cu. ft. holder-complete	\$700,000.
Yard piping for Helder	30,000.
1/4 million per hour gas compressor	35,000.
Land	120,000.
Office building at Burbank	10,000.
Office building-Van Nuys	10,000.
Office Building-Redondo	18,893.
Office Building-Downey	29,260.
Drilling Water Well-Los Angeles Plant	6,820.
Condenser- Los Angeles plant	17,880.
Four-story storeroom building	450,000.
16 inch and 12 inch line to reinforce Wilshire District and West	220,400.
12 inch line Plant No. 1 and Plant No. 3	143,600.
Miscellaneous Pressure Reinforcement	262,000.
Mains, Meters, Services, etc	<u>1,900,000.</u>
TOTAL	<u>\$3,953,853.</u>

Under its first and refunding mortgage, the company is entitled to issue bonds up to 75 percent. of the cost of new construction, provided that the net earnings of the company for twelve months out of the preceding fourteen months shall have been at least one and three fourths times the interest on all bonds then outstanding and on the bonds which the trustee is asked to authenticate. Seventy-five percent. of the reported uncapitalized construction expenditures made prior to April 30, 1923 amounts to \$848,456.58. Applicant asks permission to use the proceeds from the sale of \$848,456.58 of bonds to finance a part of the cost of the extensions, additions and betterments referred to herein. It proposes to place the proceeds from the remainder of the \$2,500,000.00 of bonds herein applied for in a special account to be withdrawn from time to time upon supplemental orders from the Railroad Commission.

ORDER

SOUTHERN CALIFORNIA GAS COMPANY having applied to the Railroad Commission for permission to issue, sell and pledge bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue, sale and pledge of bonds is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that SOUTHERN CALIFORNIA GAS COMPANY be, and it is hereby, authorized to issue and deposit with the trustee under its first and refunding mortgage \$546,000.00 face value of its first mortgage bonds and to issue and sell at not less than 94.75 percent. of their face value plus accrued interest, \$2,500,000.00 of its first and refunding mortgage Series "C" six percent. bonds due June 1, 1958.

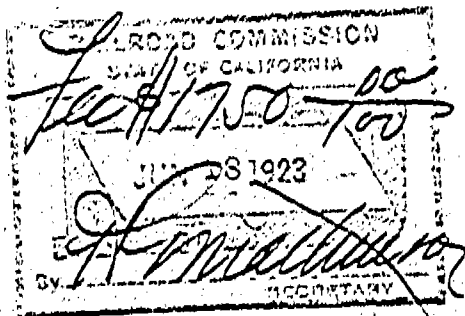
The authority herein granted is subject to the following conditions:-

1. The proceeds from the sale of \$848,456.58 face amount of the first and refunding mortgage bonds may be used

by applicant to finance in part the cost of constructing extensions, additions and betterments to its plants and properties prior to April 30, 1923. The proceeds from the sale of \$1,651,543.42 of said first and refunding mortgage bonds shall be deposited with the trustee and expended only for such purposes as the Railroad Commission may hereafter authorize.

2. Applicant shall keep such record of the issue, sale and pledge of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
3. The authority herein granted to issue bonds will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,750.00 and will expire on December 31, 1923.

DATED at San Francisco, California, this 15th day of June, 1923.



C. Seaver
H. B. Bonding
Dwight Martin

J. F. Whittlesy
Commissioners.