

Decision No. / 3269.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
CENTRAL COUNTIES GAS COMPANY for an)
order authorizing the issue and sale)
of 100,000 shares of its preferred)
and/or common capital stock of a par)
value of \$1.00 per share)

Application
Number
9825

F. W. Hunter, for Applicant.

ORIGINAL

BY THE COMMISSION :

OPINION

In this application Central Counties Gas Company asks permission to issue and sell at a net price of not less than 92½ per cent of par value \$100,000.00 of its common stock or \$100,000.00 of its preferred stock or such portion of either as it may elect to issue in the aggregate amount of \$100,000.00.

Central Counties Gas Company has an authorized capital stock of \$500,000.00 divided into 500,000 shares of the par value of \$1.00 each and consisting of \$300,000.00 of common stock and \$200,000.00 of 7 per cent preferred stock. As of January 31, 1924 the company reports \$145,865.00 of common stock and no preferred stock outstanding. In addition, as of the same date, it reports outstanding \$496,000.00 of first mortgage 6 per cent bonds due January 1, 1939, \$55,000.00 of notes payable and \$45,674.44 of accounts payable.

The company reports that it intends to use the proceeds from the additional \$100,000.00 of stock, for which application is now made, for the following purposes :

For the purchase and installation of 20,000 ft. of 5" transmission mains - - - - -	\$ 25,000.00
For the purchase and installation of 30,000 ft. of 2" distribution mains - - - - -	12,000.00
For the purchase and installation of 500 new services, meters and regulators - - - - -	13,000.00
To refund a 90 day 7 per cent note representing moneys borrowed to pay for additions and betterments - - - - -	20,000.00
To reimburse its treasury - - - - -	22,500.00
Total - - - - -	<u>\$ 92,500.00</u>

The company reports that since it acquired the properties of Central California Gas Company, and up to January 1, 1924, it had expended \$322,640.90 for extensions, additions and betterments to its plants and properties and that of this amount \$251,014.49 has been paid or provided for through the issue of stock and bonds heretofore authorized by the Commission, leaving a balance of \$71,626.41.

While the company asks permission to reimburse its treasury to the extent of \$22,500.00, it is of record that approximately \$11,000.00 of this amount represents reserve for accrued depreciation invested in properties; \$2,500.00 represents surplus earnings invested in properties and about \$9,000.00 represents accounts payable. F. W. Hunter, applicant's Vice President, testified that the entire \$22,500.00 of proceeds would be used by applicant to liquidate outstanding indebtedness incurred for the purpose of making additions and betterments.

ORDER

CENTRAL COUNTIES GAS COMPANY, having applied to the Railroad Commission for permission to issue and sell \$100,000.00 of stock, a public hearing having been held before Examiner Farkhauser and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the expenditures

herein authorized are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that CENTRAL COUNTIES GAS COMPANY be, and it is hereby, authorized to issue and sell not exceeding \$100,000.00 of its common stock or \$100,000.00 of its preferred stock or such portion of either as it may elect to issue and sell in an aggregate amount not exceeding \$100,000.00.

The authority herein granted is subject to further conditions as follows :-

1. The stock herein authorized to be issued shall be sold for cash at a net price of not less than 92½ per cent of par value and the proceeds used for the following purposes :

- (a) For the purchase and installation of 20,000 ft. of 5" transmission mains, approximately - - - - - \$ 25,000.00
 - (b) For the purchase and installation of 30,000 ft. of 2" distribution mains, approximately - - - - - 12,000.00 .
 - (c) For the purchase and installation of 500 new services, meters and regulators, approximately - - - 13,000.00
 - (d) To refund the 90 day 7 per cent note in favor of Pacific Southwest Trust and Savings Bank, approximately - - - - - 20,000.00
 - (e) To pay indebtedness and finance in part the cost of extensions, additions and betterments to applicant's plants and properties prior to January 1, 1924, approximately - 22,500.00
- Total - - - - - \$ 92,500.00

2. Applicant shall keep such record of the issue, sale and delivery of the stock 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 Number 24, which order in so far as applicable is made a part of this order.
3. The authority herein granted will become effective upon the date of this order. Under the authority herein granted no stock may be issued, sold or delivered after February 28th, 1925.

DATED at San Francisco, California, this 14th day of March, 1924.

C. Seavey
H. B. Bondica
Dwight Martin
Egerton Shore

Commissioners.