

LM

Decision No. 13559.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
COAST VALLEYS GAS AND ELECTRIC COMPANY,
a corporation, for an order authoriz-
ing the creation and issuance of pre-
ferred stock and the exchange and re-
tirement of present issue of preferred
stock.)

ORIGINAL

Application Number 7207

In the Matter of the Application of
COAST VALLEYS GAS AND ELECTRIC COMPANY,
a corporation, for an order authorizing
the issue of bonds of the face value of
\$500,000.00.)

Application Number 9179

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER IN APPLICATION NUMBER 7207

SECOND SUPPLEMENTAL ORDER IN APPLICATION NUMBER 9179

The Railroad Commission by Decision Number 9789, dated November 23, 1921, in Application Number 7207, authorized Coast Valleys Gas and Electric Company, among other things, to issue and sell \$100,000. of preferred stock; and by Decision Number 12375, dated July 20, 1923, in Application Number 9179, to issue and sell \$500,000.00 of first mortgage bonds.

The order of the Commission in Decision Number 12375, as amended by Decision Number 13012, permitted the company to use \$324,849.00 of the proceeds from the sale of the bonds to reimburse the treasury on account of moneys expended for extensions, additions and betterments prior to May 31, 1923, provided that after such reimbursement the moneys be used to pay in part the cost of additional construction work. The remaining proceeds from the sale of the bonds may be used only for such purposes as the Commission might authorize by supplemental order or orders. The order in Decision Number 9789 permitted the company to

use the proceeds from the sale of the \$100,000. of stock to finance in part the estimated cost of additions and betterments described in Exhibit No. 5 filed in Application Number 7207 on October 17, 1921.

The company has heretofore advised the Commission that its uncapitalized construction expenditures as of May 31, 1923 aggregated \$324,849.00. It now reports that subsequent to June 1, 1923 and prior to March 31, 1924 it expended for additions and betterments the sum of \$302,705.00, which amount, added to the \$324,849.00 results in a total of \$627,554.00. The expenditures making up the \$324,849.00 are shown in the original application Number 9179 filed on July 2, 1923, while the expenditures of \$302,705.00 are shown in some detail in a supplemental petition filed on April 21, 1924. From the \$627,554.00 the company deducts \$212,809.00 obtained from the sale of stock and bonds, leaving a balance of \$414,745.00. A further deduction of \$51,613.00 representing stock and bond proceeds on hand, is made from the \$414,745. resulting in a balance of \$363,132.00 to be financed through future sales of stock and bonds.

Reports filed by the company, pursuant to the Commission's General Order No. 24, show that up to February 29, 1924, \$89,400.00 of the \$100,000.00 of stock, and \$188,000.00 of the \$500,000.00 of the bonds, had been issued. The company asks in the supplemental petition filed with the Commission on April 21, 1924, for permission to use the proceeds from the remaining \$312,000.00 of bonds and the sale of any other securities that may be sold, up to the total of \$363,132.00 on account of uncapitalized construction expenditures to March 31, 1924. This request will not be granted. The order will permit the company to use the proceeds from the sale of bonds and stock, the issue of which has heretofore been authorized, to finance in whole or in part, such of the uncapitalized construction expenditures to March 31, 1924, as are properly chargeable to fixed capital accounts under the Classification of Accounts prescribed by the Commission .

The Commission has given consideration to applicant's request and is of the opinion that it should be granted, only as herein provided, and that the expenditures herein authorized are reasonably required by applicant and are not, in whole or in part, reasonably chargeable to operating expense or to income, therefore

IT IS HEREBY ORDERED that the order in Decision Number 9789, dated November 23, 1921, and the order in Decision Number 12375, dated July 20, 1923, as amended by Decision Number 13012, dated January 9, 1924, be, and they are hereby, amended so as to permit the use by Coast Valleys Gas and Electric Company of the proceeds received, or to be received, from the sale of the \$100,000.00 of stock and from the sale of the \$500,000.00 of bonds authorized by said decisions, to reimburse its treasury and to finance in part the cost of additions and betterments made prior to March 31, 1924, provided that only such expenditures as are properly chargeable to capital account under the Uniform Systems of Accounts prescribed by the Commission, may be financed with such proceeds.

IT IS HEREBY FURTHER ORDERED that the time within which Coast Valleys Gas and Electric Company may issue and sell the bonds authorized by Decision Number 12375, dated July 20, 1923, be, and the same is hereby, extended to and including December 31, 1924.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 9789, dated November 23, 1921, and the order in Decision Number 12375, dated July 20, 1923, as amended by Decision Number 13012, dated January 9, 1924, shall remain in full force and effect, except as

modified by this Supplemental Order.

DATED at San Francisco, California, this 16th day of
May, 1924.

C. Seavey
H. A. Anderson
Egerton Shore

Commissioners.