

Decision No. 14106

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
 the SOUTHERN CALIFORNIA GAS COMPANY )  
 for an order authorizing the issue ) Application Number 10468  
 and sale of bonds. )

A. E. Peat, for Applicant.

BY THE COMMISSION :

O P I N I O N

In this application Southern California Gas Company asks permission to issue and sell at 95½ per cent of face value, \$2,000,000. of its first and refunding mortgage Series "B" 5½ per cent bonds due 1952, and to use the proceeds to reimburse its treasury, pay indebtedness and finance the cost of additions, extensions, improvements and betterments.

By Decision Number 9019, dated May 28, 1921, in Application Number 6640, the Commission authorized applicant to execute a mortgage or deed of trust to secure the payment of an authorized issue of \$25,000,000. of first and refunding mortgage bonds, issuable in series. Heretofore the company has been authorized to issue \$8,865,000. of first and refunding mortgage bonds, consisting of \$2,865,000. of Series "A" 7 per cent bonds dated March 1, 1921 and due March 1, 1951, \$2,000,000. of Series "B" 5½ per cent bonds dated September 1, 1922 and due September 1, 1952, and \$4,000,000. of Series "C" 6 per cent bonds dated June 1, 1923 and due June 1, 1958.

As of July 31, 1924 applicant reports its assets and liabilities as follows :-

ASSETS

Fixed capital . . . . .	\$ 25,782,442.63
Investments . . . . .	159,915.10
Capital stock subscription . . . . .	399,615.08
Cash . . . . .	480,596.28
Notes receivable . . . . .	4,020.12
Accounts receivable . . . . .	835,171.62
Interest receivable . . . . .	2,313.06
Materials and supplies . . . . .	1,101,786.51
Prepayments . . . . .	12,047.50
Deferred expense . . . . .	2,572.61
Discount on preferred stock . . . . .	251,676.41
Bond discount and expense . . . . .	921,314.62
Gas plants abandoned . . . . .	61,095.93
Other unadjusted debits . . . . .	81,977.23

Total Assets . . . . . \$30,096,544.70

LIABILITIES

Preferred stock . \$1,551,200.	
Common stock . . . <u>6,000,000.</u>	
Total Stock . . . . .	\$ 7,551,200.00

Capital stock subscriptions . . . . .	456,427.50
Long term debt . . . . .	13,511,000.00
Purchase obligations . . . . .	26,795.79
Dividends declared . . . . .	135,000.00
Current liabilities . . . . .	1,247,904.83
Deferred liabilities . . . . .	1,381,290.71
Accruals . . . . .	641,640.69
Reserve for depreciation . . . . .	2,526,278.54
Other reserves . . . . .	626,784.36
Other unadjusted credits . . . . .	6,009.41
Corporate surplus . . . . .	<u>2,486,212.87</u>

Total Liabilities . . . . . \$30,096,544.70

By Decision Number 13033, dated January 11, 1924, in Application Number 9660, the Commission authorized applicant to issue and sell \$1,500,000. of Series "C" first and refunding mortgage bonds for the purpose of financing the cost of extensions, additions and betterments. In Application Number 9660, which was filed with the Commission on January 3, 1924, the company reported that prior to November 30, 1925 it had expended for additions and betterments the sum of \$716,251., against which it had issued no bonds, that its December construction expenditures approximated \$300,000. and that its

estimated 1924 construction work aggregated \$3,200,700., making a total of \$4,216,951.00.

In the present application the company reports its actual expenditures from December 1, 1923 to July 31, 1924 as \$5,440,794.82 and its approximate expenditures for August, 1924 as \$789,179.00 which amounts, added to the \$716,251., result in a total of \$4,946,224.82. Deducting the \$1,500,000. of bonds authorized by Decision Number 13033 there is left expenditures of \$3,446,224.82 up to August 30, 1924 against which bonds have not been issued and which it is now proposed to finance in part with proceeds from the sale of the \$2,000,000. of bonds now applied for.

In addition, the company estimates that during the last four months of 1924 it will be called upon to expend \$1,508,000. of additions and betterments.

#### ORDER

Southern California Gas Company, having applied to the Railroad Commission for permission to issue and sell \$2,000,000. of its Series "B" first and refunding mortgage bonds, a public hearing having been held before Examiner Williams and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required 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,

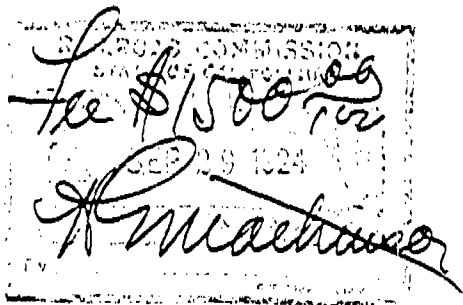
IT IS HEREBY ORDERED that SOUTHERN CALIFORNIA GAS COMPANY be, and it is hereby, authorized to issue and sell on or before December 31, 1924 at not less than 93½ per cent of face value plus accrued interest, \$2,000,000. of its Series "B" first and refunding mortgage 5½ per cent bonds due September 1, 1952 and to use the proceeds to reimburse its treasury, to pay indebtedness and to finance the cost of additions, extensions, improvements and betterments to its pro-

party as indicated in the foregoing opinion.

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

1. Applicant may use the proceeds obtained from the sale of the bonds herein authorized to finance only such part of the cost of the additions, extensions, improvements and betterments referred to herein as is properly chargeable to capital accounts under the classification of accounts prescribed by the Railroad Commission.
2. Applicant shall keep such record of the issue, sale and delivery 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 Number 24, which order in so far as applicable, is made a part of this order.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,500.

DATED at San Francisco, California, this 27<sup>th</sup> day of September, 1924.



C. S. ...  
H. B. ...  
D. ...  
J. L. ...  
Commissioners.