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Decision No. 14766.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
COAST VALLEYS GAS AND ELECTRIC COMPANY)
for authority to issue bonds in the) Application No. 4352.
face value of \$125,000.00.)

Chickering and Gregory,
by Allen L. Chickering, for Applicant.

SQUIRES, Commissioner:

THIRD SUPPLEMENTAL OPINION

In its third supplemental petition filed in the above entitled matter on March 17, 1925, Coast Valleys Gas and Electric Company asks the Railroad Commission to vacate and set aside that certain portion of the Commission's order in Decision No. 6324 dated May 12, 1919, reading as follows:-

3. By issuing any of the bonds herein authorized, Coast Valleys Gas and Electric Company agrees that it will not disburse any of its surplus earnings in the form of dividends until such time as its alleged liability under the guaranty executed by Monterey County Gas and Electric Company shall have been determined and discharged, it being understood that all surplus earnings will in the meantime be invested in property, unless otherwise authorized by the Railroad Commission.

At the hearing held on February 26, 1919, W. F. Williamson; Myrick and Deering; and James Walter Scott appeared for certain

bondholders of Monterey and Pacific Grove Railway Company and asked the Commission not to authorize the Coast Valleys Gas and Electric Company to issue \$125,000.00 of bonds. The Commission in its decision to which reference has been made, authorized the company to issue the \$125,000.00 of bonds subject, among others, to the proviso mentioned above. Following the filing of the supplemental petition now before the Commission, the Commission notified Myrick and Deering and W. S. Williamson that such petition had been filed and that a hearing would be held thereon before Commissioner Squires on April 1, 1925. The company was also directed to publish a notice of the hearing, which notice was published in the San Francisco Chronicle in its issue of March 28, 1925. At the hearing no one appeared to protest against the granting of the company's supplemental petition. It is of record that the bondholders of the Monterey and Pacific Grove Railway Company have never instituted any action against Coast Valleys Gas and Electric Company for the purpose of holding that company liable for the payment of bonds issued by the Monterey and Pacific Grove Railway Company. Nearly six years have elapsed since the Commission entered its original order in the above entitled matter and more than ten years since the question of the payment of the bonds (Application No. 1418) of the Monterey and Pacific Grove Railway Company by Coast Valleys Gas and Electric Company was first raised before this Commission. It seems that this Commission should not for an indefinite period of time continue in effect the provision of the order in Decision No. 6324, quoted above. I believe that it is proper under the facts before the Commission that applicant's request be granted, and therefore submit the following form of supplemental order:-

THIRD SUPPLEMENTAL
ORDER

Coast Valleys Gas and Electric Company having asked the Commission to modify its order in Decision No. 6324, dated May 12, 1918,

a public hearing having been held, and the Commission being of the opinion that such order should be modified as requested by applicant in its supplemental petition filed in the above entitled matter on March 17, 1925, therefore-

IT IS HEREBY ORDERED that the Commission's order in Decision No. 6324, dated May 12, 1925, be, and it is hereby, modified by setting aside and vacating from such order the following provision:-

3. By issuing any of the bonds herein authorized, Coast Valleys Gas and Electric Company agrees that it will not disburse any of its surplus earnings in the form of dividends until such time as its alleged liability under the guaranty executed by Monterey County Gas and Electric Company shall have been determined and discharged, it being understood that all surplus earnings will in the meantime be invested in property, unless otherwise authorized by the Railroad Commission.

The foregoing Third Supplemental Opinion and Third Supplemental Order are hereby approved and ordered filed as the Third Supplemental Opinion and Third Supplemental Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 10th day of April, 1925.

H. B. Roundley
P. H. Bauer
Egerton Shaw
George D. Squires
Ernest J. ...

Commissioners.