

DEM

Decision No. 15814.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN COUNTIES GAS COMPANY OF)
CALIFORNIA for authority to issue)
and sell \$2,500,000.00 par value of)
its general and refunding mortgage)
gold bonds "Series 1945" and to)
secure same by executing and deliv-)
ering a new mortgage and trust deed)
upon all of the company's properties.)

ORIGINAL

Application No. 12283

Leroy M. Edwards, for applicant.

BY THE COMMISSION:

OPINION

Southern Counties Gas Company of California has applied to the Railroad Commission for an order authorizing it to execute a new mortgage, to be designated its general and refunding mortgage, and to issue and sell, at 96, \$2,500,000.00 of twenty year six percent. bonds secured thereby for the purpose of financing the cost of extensions, betterments and improvements.

The company's outstanding bonded indebtedness, as of October 31, 1925, is reported at \$8,701,800.00, consisting of \$8,267,100.00 of first mortgage 5-1/2 percent. bonds, due 1936, and \$434,700.00 of eight percent. collateral trust bonds due 1930. The first mortgage bonds are part of an authorized issue of \$10,000,000.00, of which \$8,267,100.00 are outstanding, \$506,000. are pledged to secure the payment of the collateral trust bonds, \$546,000.00 have been cancelled, and \$580,900.00 have not yet been certified. The \$434,700.00 of collateral trust bonds are

all that remain outstanding of an original issue of \$1,000,000.00. These bonds are convertible, at the option of the holders, into first mortgage bonds on the basis of first mortgage bonds at 85 for collateral trust bonds at par. The hypothecated bonds, if not so exchanged, will be returned to the company's treasury as the collateral trust bonds are paid and thereafter not disposed of except as authorized by the Commission.

The new mortgage to be executed is of the open-end type. The first series of bonds will be designated "Series 1945", will be dated November 1, 1925, bear interest at six percent., mature November 1, 1945 and be callable on any interest payment date up to and including the year 1935 at 103, and thereafter on any interest payment date at a premium computed at the rate of one-half of one percent. for each year of the unexpired term. Applicant has made arrangements to sell \$2,500,000. of Series 1945 bonds at 96.

The company intends to use the proceeds, \$2,400,000.00, to be received from the sale of its bonds to finance the cost of permanent extensions, betterments and improvements to its plants and properties. In a former proceeding, Application No. 10583, filed October 29, 1924, it reported uncapitalized construction expenditures, as of September 30, 1924, at \$267,670.63. It now reports that from October 1, 1924 to October 31, 1925 its capital expenditures aggregated \$3,149,211.96, the total of the two amounts being \$3,416,882.59. This item is segregated as follows:-

Uncapitalized balance Sept. 30, 1924		\$267,670.63
Expenditures Oct. 1, 1924- Oct. 30, 1925:		
Orange County District	\$319,282.10	
Whittier District	52,387.66	
Pomona District	222,181.65	
Monrovia District	172,444.75	
San Pedro District	149,381.52	
Santa Monica District	510,563.42	
Santa Barbara District	157,511.90	
Venture District	178,669.66*	
Pipe line district	1,707,627.69	
General	36,500.93	3,149,211.96
Total		<u>\$3,416,882.59</u>

*Credit

By Decision No. 14717, dated March 23, 1925 the Commission authorized the company to issue and sell \$1,250,000.00 of seven percent. preferred stock. Up to October 30, 1925 reports filed by the company show that \$1,186,600.00 of the stock authorized by the decision had been issued and that the company had received and expended \$1,218,564.00. Deducting this amount from the total expenditures of \$3,416,882.59 leaves a balance of \$2,198,318.59 not provided through the issue of the stock or bonds.

In addition to the expenditures referred to in the foregoing paragraphs, the company reports that during the ensuing year it will be called upon to expend approximately \$1,500,000.00 for additions and betterments to extend and improve its service.

ORDER

Southern Counties Gas Company of California having applied to the Railroad Commission for permission to execute a mortgage and to issue bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of the bonds 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 Counties Gas Company of California be, and it is hereby, authorized to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding and marked "Exhibit C" and to issue and sell at not less than 96 percent of face value plus accrued interest, \$2,500,000 of its twenty year six percent. general and refunding mortgage bonds.

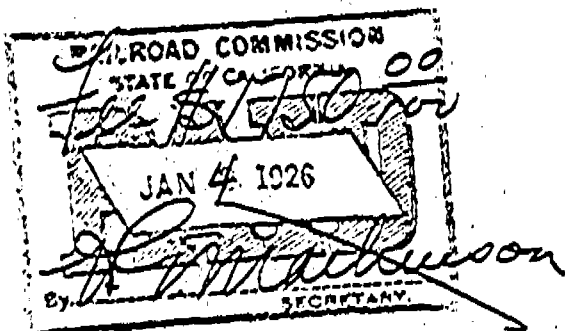
The authority herein granted is subject to the following conditions:-

1. Applicant may use the proceeds to be received from the issue and sale of the bonds herein authorized, to finance such cost of extensions, betterments and improvements made prior to October 31, 1925, and referred to in the foregoing opinion as have not heretofore been financed through the issue of stock, and through such financing, reimburse its treasury on account of income expended for said additions, betterments and improvements or pay indebtedness incurred for said purposes and to finance / ^{construction} expenditures not otherwise capitalized or provided for, to be made subsequent to October 31, 1925 and during the year 1926, provided that only such expenditures as are properly chargeable to fixed capital accounts as defined by the Uniform System of Accounts prescribed or adopted by the Railroad Commission may be financed with such bond proceeds.
2. The authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.
3. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,750.00. Under such authority no bonds may be issued or sold after June 30, 1926.

4. Applicant shall keep such record of the issue 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 No. 24 which order insofar as applicable, is made a part of this order.

5. Applicant shall file with the Commission monthly statements showing its expenditures for extensions, betterments and improvements during the period from Nov. 1, 1925 to Dec. 31, 1926 and shall file as soon as available a copy of its 1926 construction budget.

DATED at San Francisco, California, this 30th day of December, 1925.



H. B. Brundage
C. Henry
George D. Squires
Leon A. Whittell

Commissioners.