

ORIGINAL

Decision No. 17643

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 and )  
sale of bonds. )

Application No. 13278.

A. E. Peat, for applicant.

BY THE COMMISSION:

O P I N I O N

Southern California Gas Company has applied to the Railroad Commission for permission to issue and sell at the face value thereof \$200,000.00 face amount of its first and refunding mortgage Series "B" five and one-half percent bonds, to be dated September 1, 1922, and to mature September 1, 1952, and to use the proceeds to reimburse its treasury for, or to provide the cost of, making additions, extensions, improvements and betterments to its property the cost of which has not been reimbursed or provided through the issue of other securities, or to liquidate indebtedness incurred for the purpose of paying for such additions, extensions, improvements and betterments.

The bonds applicant proposes to issue are part of an authorized amount of \$25,000,000.00, of which \$12,865,000.00 were reported outstanding <sup>as</sup> of September 30, 1926 and which consist of \$2,865,000.00 of Series "A" seven percent bonds due March 1, 1951, \$6,000,000.00 of Series "B" five and one-half percent bonds

due September 1, 1952, and \$4,000,000.00 of Series "C" six percent bonds due June 1, 1958. In addition \$4,351,000.00 of first mortgage six percent bonds due November 1, 1950, are outstanding making a total bonded indebtedness of \$17,216,000.00. As of September 30th total assets and liabilities were reported as follows:-

ASSETS:

Fixed capital . . . . .	\$31,860,960.86	
Miscellaneous investments . . . . .	401,046.20	
Subscriptions to capital stock. . . . .	500,651.97	
Current Assets:		
Cash . . . . .	\$828,533.51	
Notes receivable . . . . .	644,181.30	
Accts. receivable. . . . .	582,590.21	
Marketable securities. . . . .	276,805.01	
Interest receivable. . . . .	28,781.10	
Material and supplies. . . . .	512,076.86	
Miscellaneous. . . . .	<u>144,310.58</u>	3,017,278.57
Bond discount and expense . . . . .		1,076,228.08
Stock discount. . . . .		314,296.50
Other deferred debits . . . . .		163,376.77
Special funds . . . . .		<u>146,505.93</u>
Total Assets. . . . .		<u>\$37,480,354.88</u>

LIABILITIES:

Capital stock:		
Common . . . . .	\$6,000,000.00	
Preferred. . . . .	<u>3,325,500.00</u>	9,325,500.00
Bonded debt . . . . .		17,216,000.00
Stock subscription. . . . .		633,795.50
Current and other liabilities:		
Accounts payable . . . . .	716,471.77	
Consumers' deposits. . . . .	134,964.84	
Dividends declared . . . . .	49,179.80	
Unpaid compensation awards. . . . .	7,251.09	
Accruals . . . . .	531,217.37	
Construction deposits. . . . .	1,816,168.34	
Miscellaneous. . . . .	<u>22,873.32</u>	3,278,126.53
Reserve for depreciation . . . . .		3,396,585.60
Other reserves. . . . .		941,147.23
Unappropriated surplus. . . . .		<u>2,689,200.02</u>
Total Liabilities . . . . .		<u>\$37,480,354.88</u>

In Exhibit "B", attached to the application, the company reports capital expenditures from August 31, 1924 to

November 30, 1925, of \$3,686,779.42, to which it adds the sum of \$132,782.55, said to be the balance expended prior to August 31, 1924, against which no bonds were issued, making a total of \$3,819,561.97. Seventy-five percent of this sum, which is the amount that may, under applicant's mortgage or deed of trust, be financed through the issue of bonds, is \$2,864,671.48, and against this amount the company, under authority granted by Decision No. 15951, has issued \$2,000,000. of bonds, leaving a balance of \$864,671.48 which applicant alleges may be financed with bond proceeds and on account of which it has filed this application.

#### O R D E R

Southern California Gas Company having applied to the Railroad Commission for permission to issue and sell 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 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 expense or to income,

IT IS HEREBY ORDERED that Southern California Gas Company be, and it hereby is, authorized to issue and sell, on or before March 31, 1927, at not less than face value plus accrued interest \$200,000. of its first mortgage Series "B" five and one-half percent bonds due September 1, 1952, and to use the proceeds, other than accrued interest, which may be used for general corporate purposes, to reimburse its treasury on account of surplus earnings used in making the additions, extensions, betterments and improvements to its properties which are referred to in

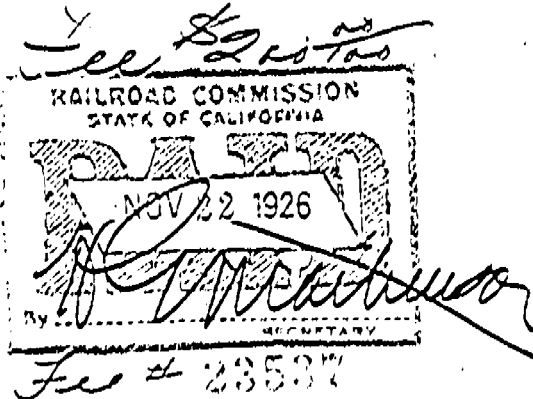
the foregoing opinion, and/or to pay, in part, indebtedness incurred in making such additions, extensions, betterments and improvements.

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

(1) Applicant shall keep such record of the issue and sale 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.

(2) The authority herein granted shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Two Hundred (\$200.) Dollars.

DATED at San Francisco, California, this 18<sup>th</sup> day of November, 1926.



*H. H. Brundage*  
*C. L. Seaver*  
*Edward G. ...*  
*Thos. D. ...*

Commissioners.