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Decision No. 18163.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
SANTA MARIA GAS COMPANY,)
& corporation, for authority to issue)
and sell its first and refunding mort-)
gage six percent gold bonds of the par)
value of \$105,000.00.)

Application No. 13589

Chickering and Gregory, by W. C. Fox,
for applicant.

BY THE COMMISSION:

O P I N I O N

Santa Maria Gas Company has applied to the Railroad Commission for permission to issue and sell, at not less than 97 percent of face value and accrued interest, \$105,000.00 of its first and refunding mortgage six percent bonds due April 1, 1940 for the purpose of refunding in part the outstanding underlying bonds of Santa Maria Gas and Power Company which mature on April 15, 1927.

It is reported that under authority granted by the Commission by Decision No. 7708, dated June 9, 1920, Santa Maria Gas Company, applicant herein, acquired the properties of Santa Maria Gas and Power Company, subject to an outstanding bonded indebtedness of \$128,000.00, consisting of first mortgage six percent bonds due April 15, 1927. It appears that from time to time bonds were retired so that on December 31, 1926, \$107,500.00 of the underlying bonds remained outstanding. These bonds, as shown above, fall due on April 15, 1927 and it is to provide a part of the money necessary to pay them that the present request is made to issue \$105,000.00 of bonds. The record indicates that the difference between the proceeds derived from the sale

of such bonds and the amount required to make payment on April 15, 1927 will be obtained from current funds on hand.

The bonds proposed to be issued are part of an authorized amount of \$700,000.00 of first and refunding mortgage six percent bonds due April 1, 1940. Bonds in the amount of \$408,000.00 heretofore have been issued, of which \$322,000.00 were delivered in part payment of certain properties acquired from Midland Counties Public Service Corporation and \$86,000.00 were pledged to secure the payment of a promissory note for \$82,000.00. The note since has been liquidated and the \$86,000.00 of bonds returned to applicant's treasury. In addition, \$106,000.00 of the \$322,000.00 of bonds have been retired through the operation of the sinking fund, leaving \$216,000.00 of applicant's bonds outstanding at the close of 1926.

At the hearing held in this matter R. E. Easton, applicant's secretary, testified that the holders of some of the underlying bonds now outstanding would exchange them, for the bonds proposed to be issued and that the company had made arrangements to sell such bonds as were not exchanged, at 97 percent of face value plus accrued interest.

ORDER

Santa Maria Gas Company having applied to the Railroad Commission for permission 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 such issue is reasonably required for the purpose specified herein and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Santa Maria Gas Company be, and it hereby is, authorized to issue and sell, at not less than 97 percent of face value plus accrued interest, \$105,000.00 of its first and re-

funding mortgage six percent bonds due April 1, 1940 and to use the proceeds to pay in part the bonds of Santa Maria Gas and Power Company which mature on April 15, 1927, or to exchange such bonds, or any portion thereof, for the bonds of Santa Maria Gas and Power Company on a basis so that applicant will realize not less than 97 and accrued interest for the bonds issued in exchange for bonds of Santa Maria Gas and Power Company.

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 will become effective when applicant has paid the fee proscribed by Section 57 of the Public Utilities Act.

DATED at San Francisco, California, this 4th day of April 1927.

Emmert
H. P. ...
A. Seaney
Thos. S. ...

Commissioners.

Fee \$105.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
APR 5 1927
A. M. ...
Fee # 24017