

LBM

Decision No. 18959.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
NEEDLES GAS AND ELECTRIC COMPANY,)
for authority to issue additional)
first mortgage bonds in the amount)
of twenty-five thousand dollars)
(\$25,000.00) and to sell or hypothe-)
cate the same.)

ORIGINAL

Application No. 14073

Le Roy M. Edwards, for applicant.

BY THE COMMISSION:

O P I N I O N

Needles Gas and Electric Company asks permission to issue and sell, at not less than 96 percent of face value plus accrued interest, \$25,000.00 of its first mortgage seven percent bonds, due 1944, for the purpose of paying indebtedness, reimbursing its treasury and of financing the cost of additions and betterments to its plants and properties. It further asks permission, in the event it is unable to sell its bonds, to hypothecate them, upon the basis of seventy-five percent of their face value, to secure the payment of short term notes.

Applicant is engaged in the business of manufacturing and selling gas and electricity and furnishing telephone service in the City of Needles. In its Exhibit "A" attached to the petition, it reports its assets and liabilities, as of June 30, 1927,

as follows;-

ASSETS:

Fixed capital	\$330,493.63
Sinking fund	162.41
Cash	567.50
Accounts receivable	13,227.76
Inventories	8,917.48
Unamortized debt discount	11,941.64
Prepayments	2,193.97

Total assets..... \$365,504.39

LIABILITIES:

Capital stock (common)	\$100,000.00
Funded debt	153,500.00
Notes payable	6,500.00
Accounts payable	8,168.93
Accruals	6,464.24
Consumers' deposits	3,610.56
Reserves	51,455.61
Surplus	35,805.05

Total liabilities..... \$365,504.39

The bonds proposed to be issued are part of an authorized amount of \$250,000.00 of first mortgage seven percent bonds, due 1944, secured by mortgage or deed of trust authorized to be executed by the Railroad Commission in its Decision No. 10472, dated May 17, 1922. Heretofore the Commission has authorized the issue and sale of \$159,000.00 of such bonds, of which, however, \$5,500. were reacquired after issue, through the operation of the sinking fund, and cancelled, leaving \$153,500.00 now outstanding.

In support of the request to issue additional bonds, applicant alleges that up to June 30, 1927 it had expended, for capital purposes, the sum of \$18,638.33, against which no bonds have been issued, as shown in detail in Exhibit "B" and it estimates, at this time, future expenditures of \$13,500.00, consisting of the following;-

Soft water circulating system with softener, surface cooler, spray pond, storage tank, pumps, etc. for engine jackets and for boiler feed water	\$3,500.00
Further extension of fireproof powerhouse building	4,000.00
Sewer and drainage system	1,500.00
Automatic switch equipment for electric switch-board in power house	1,000.00
Line to new city pump	1,000.00
Transformers for new city pump	1,100.00
Gas calorimeter, together with testing equipment and housing	1,000.00
Office furniture and fixtures	400.00
	<hr/>
Total.....	<u>\$ 13,500.00</u>

The reported uncapitalized expenditures of \$18,638.33, up to June 30, 1927, and the estimated expenditures of \$13,500.00, aggregate \$32,138.33. It is against, or for the purpose of paying in part for such expenditures that applicant asks permission to issue \$25,000.00 of bonds. It reports that the proceeds will be used in part to finance the estimated expenditure of \$13,500.00, in part, to pay the outstanding notes of \$6,500., and in part to reimburse its treasury.

C O R D E R

Needles Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell, or hypothecate, 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, or hypothecation, 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 Needles Gas and Electric Company be, and it hereby is, authorized to issue and sell, on or before June 30, 1928, at not less than 96 percent of face value plus accrued interest, \$25,000.00 of its first mortgage bonds, and to use the proceeds, other than accrued interest which may be used for general corporate purposes, to reimburse its treasury, to pay outstanding notes of \$6,500.00, or notes to be secured by the deposit of the bonds herein authorized, and to finance, in part, such cost of the additions and betterments to its plants and properties, referred to in the foregoing opinion, as is properly chargeable to fixed capital accounts under the uniform systems of accounts prescribed by the Commission.

IT IS HEREBY FURTHER ORDERED that Needles Gas and Electric Company be, and it is hereby authorized, pending the sale of the \$25,000.00 of bonds herein authorized to be issued, to deposit such bonds, upon the basis of at least a loan of seventy-five dollars for every one hundred dollars of bonds deposited, as collateral security for the payment of notes to be issued for a period of one year or less to represent said loan, provided that the proceeds obtained through the issue of such notes be used to refund the outstanding indebtedness of \$6,500.00 and to finance in part such cost of the additions and betterments to its plants and properties, referred to in the foregoing opinion, as is properly chargeable to fixed capital accounts under the uniform system of accounts prescribed or adopted by this Commission.

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

1. Applicant shall keep such record of the issue and sale, or deposit, 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 Com-

mission'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 minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

DATED at San Francisco, California, this 25th day of October, 1927.

Ernest J. ...
C. Seamy
Leon Whitell
Thos. J. ...
M. J. ...
Commissioners.

Fee \$25.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
OCT 21 1927
H. Mathison
Fee \$25.00