

LBM

Decision No. 19314.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SANTA MARIA GAS COMPANY,
a corporation, for authority to issue
and sell its first and refunding mort- } Application No. 14294
gage six percent gold bonds. }

Chickering and Gregory, by Evan Williams,
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Santa Maria Gas Company asks permission to issue and sell at not less than 97 percent of their face value and accrued interest, \$110,000.00 of its first mortgage six percent bonds due April 1, 1940 for the purpose of reimbursing its treasury on account of expenditures for additions and betterments and to pay the cost of new construction to which reference will hereafter be made.

Santa Maria Gas Company is engaged in the business of furnishing natural gas in the cities of Santa Maria, San Luis Obispo, and to other places in the counties of San Luis Obispo and Santa Barbara. As of November 30, 1927 the company reports \$300,700.00 of stock and \$313,000.00 of bonds outstanding. Its current liabilities are reported at \$135,166.05 and consist of \$27,788.32 of accounts payable, \$6,000.00 of mortgage notes payable, \$67,000.00 of unsecured notes payable, \$4,592.95 of consumer's deposits and \$29,784.78 of accrued taxes, interest, etc. The current assets of the company are reported at \$73,702.42, consisting of \$28,041.33 of materials and supplies, \$38,778.12 of accounts receivable, less reserve for bad debts, \$815.30 of notes receivable and \$6,067.67 of cash and sinking funds.

In Exhibit "B" the company reports that its unreimbursed capital expenditures as of November 30, 1927 amounted to \$92,952.63. The \$92,952.63 represents the difference between the company's fixed capital installed on January 1, 1920 plus the cost of additions and betterments installed from that date to November 30, 1927, and the amount realized from the outstanding bonds and stock and the depreciation reserve on November 30, 1927.

In Exhibit "C" the company reports the cost of improvements at \$116,010.00, which improvements consist of the following:-

1.	Two high pressure storage gas holders at San Luis Obispo, contracted with Western Pipe and Steel Company at \$35,415.00 each	\$70,830.00
	Cost of foundations, connections and piping	<u>3,000.00</u>
	Subtotal.....	\$73,830.00
2.	Oil port-San Luis Obispo six inch welded line 36,000 ft. at 80¢ per foot	28,800.00
3.	Intake gas line to Shell Company lease, Santa Maria oil fields, 8-inch welded line, 8500 ft. at \$1.00 per foot	8,500.00
4.	South Street line, San Luis Obispo, -high pressure delivery to new holders 6100 ft. at 80¢ per foot	4,880.00
	Total.....	<u>\$ 116,010.00</u>

R. E. Easton, secretary and treasurer of Santa Maria Gas Company, testified that the high pressure storage gas holders have been practically completed ; that the eight inch gas line in the Santa Maria oil fields and the high pressure delivery line to the new gas holders have been completed and are in operation. He further testified that the company's increase in business makes it necessary to provide the additional storage facilities at San Luis Obispo and the installation of larger gas mains mentioned. To pay in part for the gas holders the company has borrowed \$60,000.00 from the Crocker First National Bank.

If the company is given permission to sell its bonds it will use some of the proceeds obtained from the sale of such bonds to pay the \$60,000.00 note.

O R D E R

Santa Maria Gas Company having applied to the Commission for permission to issue \$110,000.00 of its bonds, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue, is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income, and that this application should be granted as herein provided, therefore,

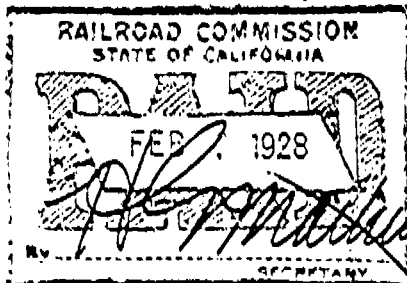
IT IS HEREBY ORDERED that the Santa Maria Gas Company be, and it is hereby authorized, to issue and sell on or before October 1, 1928, for not less than ninety-eight percent of their face value and accrued interest, \$110,000.00 of its first mortgage six percent bonds due April 1, 1940, and shall use ^{the proceeds} to pay in part the cost of additions and betterments described in Exhibit "C" filed in this proceeding, or pay indebtedness incurred for the purpose of paying for such additions and betterments, or reimburse its treasury because of income expended for additions and betterments, the cost of which is chargeable to fixed capital accounts.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Santa Maria Gas Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Ten (\$110.00) Dollars; and that Santa Maria Gas Company 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.

DATED at San Francisco, California, this 6th day of ~~January~~ February, 1928.

Leon Whitell
C. Deany
Emmery
Paul J. Kottel
M. J. Lee
Commissioners.



See # 110 100