

LEM

Decision No. 13723.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTH COAST GAS COMPANY,)
a corporation, for a permit to exer-)
cise franchise rights, for a certifi-)
cate of public convenience and neces-)
sity, and for a permit to sell its)
stock.)

ORIGINAL

Application No. 13871

BY THE COMMISSION:

SECOND SUPPLEMENTAL ORDER

The Railroad Commission in Decision No. 12594, dated July 8, 1927, as modified, made its order declaring that public convenience and necessity require and will require South Coast Gas Company to construct and operate a gas plant in the City of Oceanside, and authorizing the company to issue and sell for cash, at not less than par \$50,000.00 of common capital stock and \$63,500.00 of seven percent cumulative preferred stock and to assume the payment of a \$2,000.00 note. The order of the Commission permitted the company to use, if necessary, an amount not exceeding fifteen percent of the par value of stock sold to pay the cost of selling said stock, including commissions and other expenses incident to such sale, but provided that the remainder of the proceeds and such portion of the fifteen percent not needed for the purposes mentioned, should be deposited with a bank or banks only for such purposes as the Commission might authorize in supplemental orders.

On April 23, 1928, applicant filed a supplemental petition in this matter, alleging that its gas plant and distributing system has been completed, with the exception of a few minor pieces of

apparatus, and that its capital investment as of March 31, 1928, is \$105,347.88. It reports its assets and liabilities in its supplemental petition, as of the same date, as follows:-

ASSETS:

Fixed capital	\$105,347.88
Cash on hand	516.50
Cash deposit	5,315.00
Accounts receivable	6,616.82
Materials and supplies	4,523.91
Prepayments	61.36
Deficit	1,099.65

Total assets \$123,480.92

LIABILITIES:

Capital stock:		
Preferred	\$3,800.00	
Common	<u>2,300.00</u>	\$ 6,100.00
Notes payable		104,789.18
Accounts payable		8,960.37
Accruals		3,631.37

Total liabilities \$123,480.92

It appears that only \$6,100.00 of stock has been sold and that the proceeds, \$5,315.00, have been deposited in special bank accounts. It is reported that in financing the cost of the construction work the company issued to E. A. MacGillivray and Curtis E. Flint, its short term notes, which, with accrued interest, aggregate, as of April 1, 1928, \$106,081.19. In addition, the company has outstanding the \$2,000.00 note, the payment of which was assumed by it pursuant to the authority granted by Decision No. 18584.

The note originally issued to E. A. MacGillivray, amounting to \$83,323.48, has been assigned to Curtis E. Flint. The supplemental petition shows that Curtis E. Flint is willing to release the corporation from payment of the indebtedness of \$106,081.19 and to assume and pay the indebtedness of \$2,000.00 in exchange for \$751.19 in cash and the authorized but unissued stock, to-wit: \$59,700.00

of preferred and \$47,700.00 of common, a total of \$107,400.00. The company therefore asks permission to deliver the \$107,400.00 of stock and to use \$751.19 of the proceeds obtained from the stock heretofore issued and sold for this purpose. It further asks permission to use the remainder of the proceeds, \$4,563.81, in the conduct of its business. It has not, however, furnished definite information as to the use of this balance, and this part of the supplemental request will be held in abeyance.

The Commission has given consideration to the supplemental petition and is of the opinion that it should be granted, as herein indicated and provided, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 18594, dated July 8, 1927, as modified, be, and it hereby is further modified so as to permit South Coast Gas Company to issue and deliver \$59,700.00 of the preferred stock and \$47,700.00 of the common stock authorized to be issued and sold by said Decision No. 18594, together with the cash sum of \$751.19 received from the sale of the stock now outstanding, to Curtis E. Flint, in consideration of his releasing applicant from any and all obligation to pay the notes, issued to E. A. MacGillivray and to himself, and of paying the \$2,000.00 note outstanding and secured by a deed of trust, all of which are referred to herein.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 18594, dated July 8, 1927, as modified, shall remain in full force and effect, except as modified by this Second Supplemental Order.

DATED at San Francisco, California, this 8th day of May, 1928.

Leon Whitell
W. J. [unclear]
[unclear]
[unclear]
[unclear]
Commissioners.