

LEM

Decision No. 22079.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY,  
a corporation, and H.M.BARDT, for  
an order of the Railroad Commission  
of the State of California authoriz-  
ing Pacific Gas and Electric Company  
to purchase and acquire, upon the  
terms and conditions in this applica-  
tion set forth, the shares of the  
capital stock of Tracy Gas Company  
herein mentioned.

ORIGINAL

Application No. 16183

C. P. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Commission is asked to enter its order granting and conferring upon applicant, Pacific Gas and Electric Company, all necessary authority, as provided under the provisions of Section 51(b) of the Public Utilities Act of the State of California to acquire and to hold Eight Hundred and Sixty-five (865) shares of the common capital stock of Tracy Gas Company and granting and conferring upon applicant, Pacific Gas and Electric Company, all necessary authority in all respects to consummate the agreement dated December 12, 1929 (Exhibit A) in accordance with its terms and conditions.

The Tracy Gas Company is a corporation organized and existing under and by virtue of the laws of the State of California. The company is a public utility engaged in the business of generating, manufacturing, distributing and selling artificial gas to its consumers located in the City of Tracy, and territory immediately adjacent thereto, all in the County of San Joaquin, State of California, for light, heat and other lawful purposes. The company has an authorized capital stock issue of \$150,000.00 divided into 1500 shares of the par value of \$100.00 each. As of October 31, 1929, the company reported Eight Hundred and Sixty-seven (867) shares (\$86,700.00 par value) of its capital stock issued and outstanding.

The assets and liabilities of the Tracy Gas Company as of October 31, 1929 are reported in Exhibit No. one as follows:-

<u>A S S E T S</u>		
Plant and properties . . . . .		\$165,758.08
Discount and expense on sale of capital stock . . . . .		15,642.50
<u>Current Assets:</u>		
Cash . . . . .	\$ 274.44	
Accounts receivable . . . . .	9,293.33	
Materials and supplies . . . . .	<u>5,107.62</u>	
Total current assets . . . . .		14,675.39
Other assets-Claim against Eagle Indemnity Company . . . . .		2,147.57
<u>Deferred charges:</u>		
Unamortized bond discount and expense . . . . .	12,313.53	
Unexpired rent, insurance, etc. . . . .	<u>894.41</u>	
Total deferred charges . . . . .		13,207.94
Deficit . . . . .		<u>12,050.45</u>
	Total assets . . . . .	<u>\$223,481.93</u>
<u>L I A B I L I T I E S</u>		
Common capital stock(authorized, 1500 shares of \$100. each;outstanding,867 shares). . . . .		\$ 86,700.00
First mortgage 6% sinking fund gold bonds,due July 1, 1947 . . . . .		100,000.00
<u>Current liabilities:</u>		
Note payable . . . . .	\$13,500.00	
Accounts payable . . . . .	8,954.90	
Meter deposits . . . . .	497.50	
Accrued taxes . . . . .	422.57	
Accrued interest on bonds . . . . .	<u>2,000.00</u>	
Total current liabilities . . . . .		25,374.97
Reserve for depreciation . . . . .		<u>11,406.96</u>
	Total liabilities . . . . .	<u>\$223,481.93</u>

J. A. Hill, gas heating engineer in the gas sales department of the Pacific Gas and Electric Company, testified that he made an examination of the territory being served by the Tracy Gas Company and that in his opinion the company's sale of gas can be materially increased.

The record shows that H. M. Bardt is the owner of 865 shares of the stock of the Tracy Gas Company. He has offered to sell this stock to the Pacific Gas and Electric Company for \$119,550.60 which, according to the record, is the price which he paid for the stock.

This Commission has been advised that an action has been filed against the company by Leon Melekov to recover approximately \$8,000.00, which he alleges is due him as manager and secretary of the Tracy Gas Company. The request is made upon the Commission that it does not authorize the sale of the Tracy Gas Company until all claims have been taken care of. It will be noted that this application does not involve the transfer of any of the assets of the Tracy Gas Company. It only involves the acquisition by the Pacific Gas and Electric Company of 865 shares of the outstanding stock of that company. If, hereafter, the Tracy Gas Company asks permission to sell any, or all, of its properties to Pacific Gas and Electric Company, the Commission will at that time determine what part, if any, of the consideration paid directly or indirectly for the properties of Tracy Gas Company may be charged to fixed capital accounts, and what part, if any, should be charged to profit and loss accounts.

#### ORDER

Pacific Gas and Electric Company having asked permission to acquire Eight Hundred and Sixty-five(865) shares of the outstanding capital stock of the Tracy Gas Company, a public hearing

having been held before Examiner Fankhauser and the Commission being of the opinion that this application should be granted, subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company may acquire and hold Eight Hundred and Sixty-five(865) shares of common capital stock of the Tracy Gas Company and may consummate the agreement dated December 12, 1929, filed in this proceeding as Exhibit "A", provided that the price paid for said stock shall not be urged before this Commission as determining, directly or indirectly, the value of the properties of Tracy Gas Company.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective ten days after the date hereof.

DATED at San Francisco, California, this 3<sup>rd</sup> day of January, 1930.

Cl. Lewis  
Emory C. Bell  
Leon A. Whittell  
Thos. S. Lewis  
W. A. Carr

Commissioners.