

Decision No. 10100

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of
CENTRAL COUNTIES GAS COMPANY FOR
a permit to issue One Hundred
Fifty Thousand Dollars of its
first mortgage twenty year six per
cent sinking fund gold bonds.

Application No. 7498.

O'Melveny, Milliken and Tuller,
by Paul Fussell, for Applicant.

BY THE COMMISSION:

OPINION

In this application, as amended at the hearing held before Examiner Williams in Los Angeles, Central Counties Gas Company asks permission to issue, pledge and exchange \$150,000 of its first mortgage twenty-year six per cent sinking fund gold bonds due January 1, 1939.

Applicant heretofore, pursuant to Decision No. 9054 dated June 4, 1921, as amended, has executed a debenture trust agreement and has issued and sold \$150,000 of seven per cent debenture bonds, of which \$30,000 are payable on the first day of July of each of the years 1924 to 1926, both inclusive, and \$60,000 are payable on July 1, 1927.

By the terms of the trust agreement securing the payment of the debenture bonds, applicant agrees that as rapidly as it can lawfully do so under the provisions of its first mortgage, it will deposit and pledge with the trustee under the trust agreement \$150,000 of its first mortgage bonds as collateral security for the \$150,000 of debenture bonds. The trust agreement further provides that the holder of any debenture bond shall have the right

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and privilege of exchanging it for a first mortgage bond when, if and as such first mortgage bond is delivered to and deposited with the trustee under the trust agreement, provided that such right or privilege of conversion must be exercised at least ten days prior to the maturity of such debenture bond and prior to the time such debenture bond is called for redemption. The Company will pay a premium of five per cent in cash for each seven per cent debenture bond exchanged for a first mortgage six per cent bond of like face value.
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F. W. Hunter, Applicant's vice-president and general manager testified that the company stands ready to exchange the first mortgage bonds for debenture bonds as provided in the trust agreement securing the payment of the debentures. Pending such exchange or conversion, the company asks permission to pledge the first mortgage bonds with the trustee under the trust agreement as collateral security for the debenture bonds.

Applicant reports that it has expended for additions and betterments the sum of \$177,286.49. The record shows that the trustee under Applicant's first mortgage has never been requested to certify any bonds on account of such expenditures. The expenditures submitted permit the certification of \$132,000.00 face value of first mortgage bonds. Applicant asks that it be permitted to issue \$18,000.00 of bonds when and as it is permitted under the terms of its first mortgage upon the showing to the Commission that it is entitled to their issue.

We believe the application should be granted to the extent and subject to the conditions of the following order:

O R D E R

Central Counties Gas Company, having applied to the Railroad Commission for permission to issue pledge or exchange bonds, a public hearing having been held, and the Railroad Commission being of the opinion that Applicant's request should be granted,

IT IS HEREBY ORDERED that Central Counties Gas Company be, and it is hereby, authorized to issue \$150,000.00 of its first mortgage bonds and to pledge them with the trustee under that trust agreement dated July 1, 1921, as collateral security for the \$150,000 of debenture bonds issued pursuant to Decision No. 9054, dated June 4, 1921, as amended.

IT IS HEREBY FURTHER ORDERED THAT Central Counties Gas Company be, and it is hereby, authorized to exchange the first mortgage bonds herein authorized for a like amount of debenture bonds under the provisions of said trust agreement upon the basis of 105 and accrued interest for debenture bonds at par and accrued interest, applicant paying the premium of 5 per cent in cash.

The authority herein granted is subject to further conditions as follows:-

(1) \$18,000 of the first mortgage bonds herein authorized shall be deposited or exchanged only when and as hereafter authorized by the Railroad Commission in a supplemental order or orders upon the showing by applicant that it is entitled to issue said \$18,000 of bonds under and by the terms and provisions of its first mortgage.

(2) Applicant shall keep such record of the issue, deposit or exchange of the bonds herein authorized 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 in so far as applicable,
is made a part of this order.

Dated at San Francisco, California, this 12th day of
February, 1922.

H. H. Brundage

H. S. Leonard

J. B. Benedict
Commissioners.