

MM

Decision No. 10669

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CENTRAL COUNTIES GAS COMPANY,)
for an order authorizing the issue)
and sale of 60,000 shares of its)
common capital stock of the par val-)
ue of \$1.00 per share.)

Application Number 7953.

ORIGINAL

John E. Jardine and F. W. Hunter,
for Applicant.

BY THE COMMISSION:

O P I N I O N

CENTRAL COUNTIES GAS COMPANY asks permission to issue and sell at not less than 90 per cent of its par value \$50,000.00 of its common capital stock, and to use the proceeds to pay indebtedness and finance the acquisition and construction of new properties.

A hearing was had on this application before Examiner Westover on June 23rd at Los Angeles.

Central Counties Gas Company as of April 30, 1922 reports \$103,505.00 of common stock; \$300,000.00 of first mortgage 6% bonds due January 1, 1939 and \$150,000.00 of 7% serial debentures outstanding and in the hands of the public. In addition, the company reports \$10,000.00 of notes and \$19,784.99 of accounts payable. Applicant intends to use the proceeds from the sale of the \$50,000.00 of common stock for the following purposes:-

Purchase of lot and office building 60 by 106 feet on South Locust St., Visalia,	\$10,750.00
Purchase and installation of approximately 20,000 feet of new 2 inch distribution main,	7,000.00
Purchase and installation of 500 new services, meters and regulators,	12,250.00
Refunding 90 day 7% note dated May 11, 1922 for \$10,000. in favor of Wm. R. Staats & Co.,	10,000.00
To reimburse applicant's treasury,	<u>14,000.00</u>
Total,	<u>\$54,000.00</u>

It is of record that on April 22, 1922, F.W. Hunter purchased a lot on South Locust Street for \$10,750.00 and that this lot is being transferred by him to applicant at cost. Following the purchase of the lot, he borrowed \$18,000.00 from the Los Angeles Trust and Savings Bank for a period of three years with interest at the rate of 6½ percent per annum for the purpose of constructing an office building on the lot and executed a first mortgage to secure the payment of the loan. The building is now in process of construction. Floor space has been leased for a term of seven years to J.C. Penny & Company at an annual rental of \$2,460.00, payable in monthly installments, ~~xxxxxxxxxxxxxxxx~~ ~~xxxxxxxxxxxxxxxx~~. The lot and building will be transferred to applicant subject to the mortgage and lease. As a result of this arrangement, applicant will get the use of a new office without any substantial expense, the annual rental from the building being in excess of the interest on the \$18,000.00 mortgage and dividends at the rate of 8 percent on the stock sold for the purpose of buying the lot. It appears that the property was acquired by F.W. Hunter so that the loan from the Los Angeles Trust and Savings Bank might be secured by a first lien on the property.

While applicant asks permission to reimburse its treasury to the extent of \$14,000.00, the testimony shows only \$7,000.00 of this represents earnings invested in property and that the remainder is represented by accounts payable.

The order herein will permit the issue and sale of stock for the purpose of liquidating the accounts payable and reimbursing applicant's treasury in the amount of \$7,000.00.

O R D E R

CENTRAL COUNTIES GAS COMPANY, having applied to the Railroad Commission for permission to issue and sell \$60,000.00 of common stock, a public hearing having been held 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 this application should be granted as herein provided:

IT IS HEREBY ORDERED that Central Counties Gas Company be, and it is hereby, authorized to issue and sell for cash at not less than 90% of its par value \$60,000.00 par value of common capital stock.

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

- 1...The proceeds realized from the sale of the stock herein authorized to be issued and sold shall be used by applicant for the following purposes and none other:-

For purchase of lot and office building at South Locust Street, Wicahia.....	\$10,750.00
For purchase and installation of approximately 30,000 feet of new two inch distribution main, approximately	7,000.00
For purchase and installation of 500 new services, meters and regulators, approximately -	12,250.00
For refunding 90 day 7% note dated May 11, 1922 and payable to Wm. R. Staats & Company	10,000.00
To liquidate accounts payable representing money expended for additions and betterments, approximately.....	7,000.00
To reimburse its treasury on account of earnings expended for additions and betterments, approximately.....	<u>7,000.00</u>
TOTAL.....	<u>\$ 54,000.00</u>

- 2....CENTRAL COUNTIES GAS COMPANY shall keep such record of the issue and sale of the stock 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 in so far as applicable,

is made a part of this order.

3...The authority herein granted will apply only to such stock as may be issued, sold or delivered on or before December 31, 1922.

DATED at San Francisco, California, this 6th day of July, 1922.

H. B. Roundig

Charles A. Fowler

J. F. Lindquist
Commissioners.