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Decision No. 11558.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the Matter of the Application of)
CONTRA COSTA GAS COMPANY,)
a corporation, for an order of the)
Railroad Commission authorizing said)
company to issue \$90,000.00 par value)
of its first mortgage 6% sinking fund)
forty year gold bonds and to sell the)
same at a price of 89% of their par)
value plus accrued interest.)

Application No. 8577.

Leo H. Susman for applicant.

BRUNDIGE, Commissioner.

O P I N I O N.

CONTRA COSTA GAS COMPANY asks permission to issue and sell, at not less than 89 per cent. of their face value and accrued interest, \$90,000.00 of first mortgage six per cent. bonds due October 1, 1954, and use the proceeds to pay part of a \$90,000.00 note held by the Mercantile Trust Company of California.

Contra Costa Gas Company was organized on or about June 30, 1914 and has an authorized stock issue of \$500,000.00, divided into \$250,000 of common and \$250,000 of seven per cent. cumulative preferred. None of the preferred stock has been issued. Of the common stock, \$111,150 is outstanding. The company has an authorized bonded debt of \$500,000.00, of which \$159,000 was outstanding on November 30, 1922. The \$159,000, however, includes \$6,400.00 of bonds re-acquired by the company and held alive in the sinking fund under the provisions of the mortgage or deed of trust securing the payment of the bonds.

Applicant sells gas in the cities of Martinez, Concord, Pittsburg, Antioch, Crockett and vicinities. It reports approximately 2,680 consumers connected with its system. In Decision No. 9725, dated November 8, 1921, the Railroad Commission used for the

year ending June 30, 1922, a rate base of \$362,500.00.

In "Exhibit B" filed in this proceeding, applicant reports that it has to November 30, 1922, expended for plant extensions, additions and betterments the sum of \$115,579.49. Of this expenditure, \$3,445.19 was incurred prior to January 1, 1918, and the remaining expenditure of \$112,134.30 was incurred from January 1, 1918 to November 30, 1922, inclusive. S. Waldo Coleman, president of Contra Costa Gas Company, testified that the \$115,579.49 represented a net increase in the company's capital expenditures and that no stock or bonds had been issued by the company against such expenditures. A summary of the expenditures distributed to the various capital accounts is contained in applicant's "Exhibit B".

For the year ending November 30, 1922, applicant reports its earnings, operating and general expenses as follows:

Earnings,	\$124,595.92
Operating expenses,	75,375.71
	<u>49,220.21</u>
General expenses including Taxes,	16,548.40
Leaving Net Earnings of	<u>32,671.81</u>
<u>Deductions:</u>	
Bond Interest,	\$9,540.00
Other Interest,	5,691.11
Amortization of bond discount and expense,	422.40
Depreciation,	8,900.00
Total Deductions,	<u>24,553.51</u>
Surplus for Year,	<u><u>\$ 8,118.30</u></u>

Applicant reports net earnings available for depreciation and return of \$32,671.81 for the year ending November 30, 1922. If it issues the \$90,000 of bonds covered by this application, its annual interest charges will be \$14,940. Through the issue of the bonds, the company will refund the \$90,000 note and through such refunding eliminate from its income statement all, or substantially all, of its miscellaneous or other interest payments which for the year ending November 30, 1922, are reported at \$5,691.11.

I herewith submit the following form of Order:

O R D E R.

CONTRA COSTA GAS COMPANY having applied to the Railroad Commission for permission to issue \$90,000.00 of bonds, a public hearing having been held and the Railroad 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 expenses or to income;

IT IS HEREBY ORDERED, that CONTRA COSTA GAS COMPANY be, and it is hereby, authorized to issue and sell at not less than 89 per cent. of their face value and accrued interest \$90,000.00 of six per cent. bonds due October 1, 1954, and to use the proceeds obtained from the sale of such bonds to pay in part the \$90,000.00 note held by the Mercantile Trust Company of California and referred to in this application.

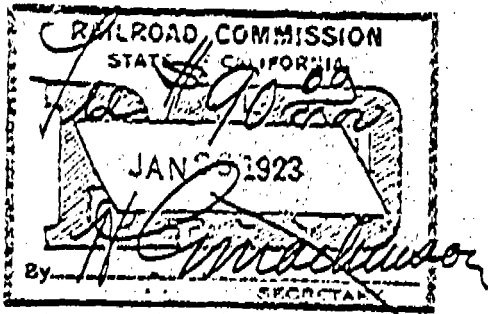
The authority herein granted is subject to further conditions as follows:

- (1) - Contra Costa 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 twenty-fifth 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.

(2) - The authority herein granted will become effective upon the payment of the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$90.00, but will expire on June 30, 1923.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 25th day of January, 1923.



Cl. Seaver
H. B. Bunnell
Dwight Martin
J. M. Whittney
Commissioners