

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

Decision No. 1582

In the Matter of the Application of
FOWLER GAS COMPANY for an Order
Authorizing said Company to Issue
Stock and Bonds.

Application No. 1157.

Gallaher, Aten & Devaul, for Applicant.

GOEDON, Commissioner:

O P I N I O N.

FOWLER GAS COMPANY is engaged in the manufacture and distribution of artificial gas in the town of Fowler, Fresno County, California. At present there are about 238 residences and 92 business houses in the town of Fowler. Applicant is the only public utility distributing gas in this community.

The present application as originally filed was for authority to issue 6% 10-year bonds of the face value of \$15,000. Applicant believes that it can issue these bonds at 90, thus netting to applicant the sum of \$13,500. Applicant desires to use \$11,000 of this amount in paying outstanding notes and the remaining \$2500 in meters, service connections and extensions to the plant as occasion therefor arises.

It developed at the hearing that Fowler Gas Company had issued its capital stock of the par value of \$30,000 without the consent of this Commission. In exchange for this stock applicant had received \$4,000 in cash and certain gas plant equipment. Inasmuch as the consent of this Commission was never obtained to the issue of this stock, the stock is void and is in violation of the provisions of the Public Utilities Act. I am convinced, however, that this violation was not intentional. Applicant was, there-

fore, allowed at the hearing to amend its application to include a request for authority to issue its capital stock of the par value of \$8,000. As before stated, applicant has received \$4,000 in cash and also certain gas plant equipment, which I believe may be reasonably valued at \$4,000. If applicant cancels the \$30,000 par value of stock outstanding and issues \$8,000 par value of stock in exchange for the cash and gas plant equipment which has been received, the stock will be issued at its par value and applicant will be in good financial condition. This arrangement, moreover, is entirely feasible as all the outstanding stock is held by only six men. It will be an easy matter, therefore, to cancel the outstanding stock and issue \$8,000 par value of stock in lieu thereof.

I recommend that the application as amended be granted, and submit herewith the following form of order:

ORDER.

FOWLER GAS COMPANY having applied to this Commission for permission to issue its capital stock of the par value of \$8,000 and its 6% 10-year bonds of the face value of \$15,000, and a public hearing having been held thereon and the Commission being of the opinion that the purposes to which the proceeds derived from these securities are to be used are not in whole or in part reasonably chargeable to operating expense or to income,--

IT IS HEREBY ORDERED, that FOWLER GAS COMPANY be, and it hereby is authorized to issue its capital stock of the par value of \$8,000 upon the following conditions and not otherwise, to-wit:

1. Said stock shall be issued to the following individuals upon the cancellation of all the present outstanding stock of ap-

plicant:

C. A. Patton, - - -	1000	shares
W. S. Ricketts, - -	750	"
R. J. Mitchell, - -	500	"
E. Gower, - - - -	500	"
J. R. Lovely, - - -	4500	"
J. W. Lovely, - - -	750	"
Total- - -	8000	"

2. In no case shall this stock be issued unless the par value thereof has been paid to applicant in cash except that \$4,000 par value of the stock to be issued to J. R. Lovely shall be issued in exchange for the gas plant equipment specified in "Exhibit B" attached to the application in this proceeding;

IT IS FURTHER ORDERED, that applicant be and it hereby is authorized to issue its 6% 10-year bonds of the par value of \$15,000 upon the following conditions, and not otherwise:

1. The proceeds derived from the sale of these bonds shall be used for the following purposes only:
 - (a) To pay an outstanding note of applicant for the sum of \$10,000, in favor of O. J. Woodward, made on November 17, 1913, and due on July 17, 1914;
 - (b) To pay on demand an outstanding note of applicant for the sum of \$500, in favor of J. W. Lovely, dated March 17, 1914;
 - (c) To pay a 90 day outstanding note of applicant for the sum of \$500, in favor of The Fowler National Bank, dated April 22, 1914;
 - (d) The sum of \$2500 may be used by applicant in purchasing the material for, and installing service connections and extensions to applicant's plant as occasion therefor may arise.

2. Fowler Gas Company shall keep full, true, separate and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds hereby authorized to be issued; and on or before the 25th day of each month the company shall make verified reports to the Commission stating

the sale or sales of said bonds during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

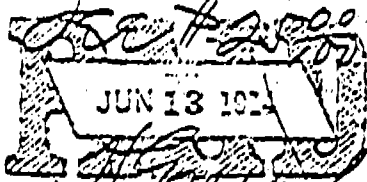
3. This order shall become effective only upon the payment of the fee prescribed in section 57 of the Public Utilities Act.

4. The authority hereby given to issue such stock and bonds shall apply only to stock and bonds to be issued by Fowler Gas Company on or before December 31, 1914.

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 11th day of June, 1914.

Railroad Commission State of California



BY A. M. ...
Assistant Secretary.

H. L. ...

Alex Gordon

Max Thelen

Commissioners.