

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 1586

In the matter of the Application of CENTRAL CALIFORNIA GAS COMPANY for an order authorizing the issue of bonds of the face value of \$15,000 and common capital stock of the par value of \$10,000.

ORIGINAL

Application No. 1168.

Lester G. Burnett for applicant.

THELEN, Commissioner.

O P I N I O N.

This is an application for an order authorizing the issue of bonds of the face value of \$15,000.00 and of common capital stock of the par value of \$10,000.00.

Applicant expects to sell its bonds at 90 per cent of their face value, with accrued interest, and the stock at 80 per cent of its par value and to use the proceeds, amounting to \$21,500.00 for the following purposes:

1. To refund obligations incurred for capital expenditures made between January 1, 1914 and May 31, 1914, and not heretofore used as foundation for an issue of securities, as follows:

Capital expenditures during	January, 1914	\$1,421.30
"	"	"	February, 1914.....2,243.70
"	"	"	March, 1914..... 626.60
"	"	"	April, 1914.....1,761.56
"	"	"	May, 1914.....3,192.42
	Total,		\$8,245.58

2. For the acquisition of property and the construction, completion, extension or improvement of facilities, as follows:

Purifier at Visalia.....	\$3,876.00
Boiler (100 H.P.) at Visalia.....	2,995.00
Compressor " "	3,235.00
Blower " "	1,386.00
200 additional service connections with part of necessary meters.....	1,737.40
	Total, \$13,229.40

The details of the expenditures first hereinbefore referred to will be found in Exhibit No. 1 introduced at the hearing and the details of the expenditures hereafter to be incurred and shown in the

second list hereinbefore referred to are set forth in Exhibit A attached to the petition herein. The item "#5 Gas Exhauster \$500.00" in Exhibit A was corrected at the hearing to read "\$800.00."

The evidence shows that the expenditures which applicant contemplates making at Visalia are necessary in the development of its business and are caused by the large growth, present and anticipated, in that business. Applicant expects to take on 200 new customers within the next three months.

Under the terms of its trust deed or mortgage, applicant can issue bonds only up to 75 per cent of the actual and reasonable cost of permanent additions and then only when its net earnings have been for twelve months at least twice the interest on all bonds outstanding and on the bonds proposed to be issued. Applicant now has outstanding bonds of the face value of \$275,000.00. If this application is granted and applicant issues the bonds authorized, it will have outstanding bonds of the face value of \$290,000.00. The annual interest thereon will be \$17,400, which is less than half the net earnings for the twelve months ending May 31, 1914, amounting to \$35,541.26, as shown by Exhibit B attached to the petition herein. It is clear that the face value of the bonds now to be issued is somewhat less than 75 per cent of the actual and reasonable cost of the permanent additions herein referred to, which total \$21,274.98.

The financial affairs of this corporation have been fully investigated by this Commission in connection with former applications and I deem it unnecessary to repeat what has been said in the Commission's opinions and orders thereon.

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

O R D E R.

CENTRAL CALIFORNIA GAS COMPANY having applied to the Railroad Commission for an order authorizing the issue by said company of bonds and common stock in the amounts and for the purposes hereinafter specified,

and a public hearing having been held on said application, and the Railroad Commission finding that the purposes for which the proceeds of said bonds and stock are to be used are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Central California Gas Company be and the same is hereby authorized to issue its bonds of the face value of \$15,000.00, numbered 276 to 290, inclusive, bearing interest at the rate of 6 per cent per annum, payable semi-annually, and secured by a mortgage or deed of trust heretofore and on July 1, 1912, made and executed by Central California Gas Company to Los Angeles Trust and Savings Bank, as trustee, and its common capital stock of the par value of \$10,000.00, on the following conditions and not otherwise, to-wit:

1. Central California Gas Company shall sell the bonds hereby authorized to be issued so as to net not less than 90 per cent of their face value in cash, plus accrued interest, and the common capital stock so as to net not less than 80 per cent of its par value in cash.

2. Central California Gas Company shall use the proceeds from the sale of said bonds and stock, in so far as necessary, only for the following purposes:

(a) To refund obligations incurred for capital expenditures made between January 1, 1914 and May 31, 1914, and not heretofore used as foundation for an issue of securities, as shown in Exhibit No. 1 introduced at the hearing, proceeds not in excess of the sum of \$ 8,245.58

(b) For the acquisition of property and the construction, completion, extension and improvement of facilities for the purposes specified in the opinion which precedes this order and in Exhibit A attached to the petition herein, proceeds not in excess of the sum of \$13,229.40

3. Central California Gas Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of bonds and stock hereby authorized to be issued, and on or before the 25th day of each month applicant shall make a verified report to the ^{Railroad} Commission stating the sale or sales of said bonds and stock during the previous 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.

4. The authority hereby given to issue bonds and stock shall apply only to bonds and stock issued prior to June 1, 1915.

5. This order shall not become effective in so far as it applies to bonds until Central California Gas Company has paid the fee specified in Section 57, as amended, of the Public Utilities Act.

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 17th day of June, 1914.

Railroad Commission State of California

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JUN 18 1914
S. H. Hutchinson
Assistant Secretary

John W. Estlin
H. D. Ireland
Chas. Gordon
Mar. Thelen

Commissioners.