

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the application of Central California Gas Company for authority to issue \$8,000 of bonds and \$8,800 of common stock.

Application No. 1427.

C. S. S. Forney, for applicant.

LOVELAND, Commissioner.

OPINION

This is an application by Central California Gas Company for authority to issue \$8,000 of its first mortgage bonds to be sold at 90 per cent of face value and to issue \$8,800 par value of its common capital stock to be sold at 80 per cent of par, or \$7,040. The applicant thus proposes to realize \$14,240 to reimburse it for expenditures heretofore made. The applicant groups these expenditures for which it now desires to be reimbursed as follows:

Accessory equipment at works	\$7,950.04
Gas services	6,339.01
Gas meters	109.00
Gas regulators	62.50
Purification apparatus	1,150.22
Distribution mains	61.50
General equipment	<u>117.55</u>
Total	\$15,789.82

Applicant submits a list in detail of the items comprising these totals as Exhibit "A". An examination of these items raises several questions which must be hereafter determined through the medium of an audit.

Under applicant's mortgage and deed of trust it may issue bonds up to 75 per cent of the cost of additions and betterments and may issue said bonds only when its net earnings for the year previous shall have been twice the interest on the outstanding bonds plus the bonds proposed to be issued.

For the twelve months ending November 30, 1914, the applicant submits the following statement of earnings:

Gross revenue		\$78,585.06
Operating expenses	\$33,583.03	
Maintenance	4,580.43	
Taxes	3,547.12	
Insurance	<u>600.00</u>	
Total expense		42,310.58
Gross income		36,274.48
Interest		16,357.00
Sinking fund reserve		2,650.00
Net income		17,267.48
Appropriation to renewal reserve		5,065.00
Appropriation for dividends		14,819.00

The applicant urges the immediate need of the bonds herein applied for for purposes of reimbursement. As there are several items for which the applicant desires to be reimbursed, I shall defer any decision at this time on the application to issue the stock. As soon as a proper examination can be made of this matter by the Auditing Department of the Commission, a supplemental order will be issued as to the stock issue. Applicant has made a sufficient showing, however, to justify the issue of bonds in the sum of \$8,000 for purposes of reimbursement.

In Application No. 1168 this Commission authorized Central California Gas Company to issue \$15,000 of bonds and \$10,000 par value of common stock. At the hearing upon Application No. 1427 herein, Mr. C. S. S. Forney, for applicant, reported that it had issued \$10,000 of bonds and \$1,000 of common stock under the order upon Application No. 1168. Mr. Forney requested further that the Commission cancel the authority to issue the remaining \$5,000 of bonds and \$9,000 of common stock.

For the reasons heretofore stated, I recommend that the application be granted and submit the following form of Order:

O R D E R

Central California Gas Company having made application to this Commission for authority to issue \$8,000 of its first mortgage 6 per cent bonds and for authority also to issue \$8,800 par value of its common capital stock,

And a hearing having been held and it appearing that the purposes for which the applicant herein proposes to issue said bonds 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 given authority and it is hereby given authority to issue \$8,000 of first mortgage 6 per cent bonds under its mortgage and deed of trust to Los Angeles Trust and Savings Bank, dated July 1, 1912.

The authority herein granted is granted upon the following conditions and not otherwise:

(1) The bonds herein authorized to be issued shall be sold so as to net the applicant not less than 90 per cent of the face value thereof plus accrued interest.

(2) The proceeds derived from the sale of said bonds shall be used for the purpose of reimbursing the applicant for expenditures heretofore made as per applicant's Exhibit "A" attached to the application herein.

(3) The authority herein given shall apply to such bonds as shall have been issued on or before June 30, 1915.

(4) The authority herein granted is conditioned upon the payment of the fee prescribed under the Public Utilities Act.

(5) Within thirty days after the bonds herein authorized to be issued shall have been issued, the applicant shall report such issue and the terms of sale of said bonds.

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 15th day of December, 1914.

Railroad Commission, State of California

Fee 25.00

DEC 15 1914

J. H. Mathewson
Assistant Secretary

H. H. ...
...
Edwin O. Edgerton

Commissioners.