

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the matter of the application of	)	
SANTA BARBARA GAS AND ELECTRIC COMPANY	)	
for an order of the Railroad Commission	)	
authorizing it to issue to the amount	)	Application No. 1525.
of \$100,000 its bonds bearing interest	)	
at the rate of Six per cent per annum.	)	

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Harry J. Bauer for applicant.

EDGERTON, Commissioner.

O P I N I O N.

This is an application by Santa Barbara Gas and Electric Company, operating a gas and electric plant in the City of Santa Barbara and vicinity, for authority to issue \$100,000 of its Six per cent thirty-year bonds. It is proposed to sell these bonds at 95 per cent of their par value and to use the proceeds as follows:

To discharge certain notes payable,.....	\$38,000
To defray cost of extensions and additions to the Company's properties,.....	62,000
Total,.....	\$100,000.

The Santa Barbara Gas and Electric Company has an authorized issue of 5000 shares of preferred stock and 5000 shares of common stock; all of the par value of \$100.00 per share. The company has outstanding 4000 shares of its preferred stock and 4009 shares of its common stock. The preferred stock is 6 per cent cumulative with the right to participate ratably with the common stock in any dividends declared in excess of 6 per cent per annum on the entire outstanding capital stock.

The applicant has issued its bonds under a trust deed dated July 1, 1911 to Los Angeles Trust and Savings Bank as security for an authorized issue of \$1,000,000 of bonds.

The applicant reports outstanding as of  
 December 31, 1914, bonds in the sum of, . . . . . \$750,500.00

It reports notes outstanding as of the same  
 date, amounting to, . . . . . 74,000.00

Accounts payable amounting to, . . . . . 35,018.98

Total, . . . . . \$859,518.98

Under the terms of the applicant's trust deed, it may issue bonds not to exceed 75 per cent of actual and reasonable cash expenditures made for extensions and additions to its properties.

For the year ending December 31, 1914, the applicant paid 5 per cent dividends on its preferred stock and 3 per cent on its common stock, making a total dividend disbursement of \$32,000.

For the calendar year 1914, the Santa Barbara Gas and Electric Company reports earnings and expenditures as follows:

Gross Earnings year ending December 31, 1914, . . . . .	\$282,097.67
Operating Expenses, . . . . .	163,434.88
Net Earnings, . . . . .	<u>\$118,662.79</u>

Interest on Bonds Outstanding and now to be Certified, . . . . .	47,310.00
Balance, . . . . .	<u>\$ 71,352.79</u>

Depreciation 1914, . . . . .	36,500.00
Balance, . . . . .	<u>\$ 34,852.79</u>

Amortization of Debt Discount and Rents 1914, . . . . .	1,212.46
Balance, . . . . .	<u>\$ 33,640.33</u>

Other Interest Deductions:

Notes Outstanding December 31, 1914, . . . . .	\$74,000.00
To be retired with proceeds of Bonds, . . . . .	56,100.00
Interest at 6% on, . . . . .	<u>\$37,900.00</u>
Balance, . . . . .	<u>\$ 2,274.00</u>
Balance, . . . . .	<u>\$ 31,365.33</u>

Interest & Amortization Included in Above:

Bond Interest, . . . . .	\$47,310.00
Amortization, . . . . .	1,212.46
Note Interest, . . . . .	<u>2,274.00</u>
	<u>\$50,796.46</u>

Actual Total for Year 1914, . . . . .	46,990.81	\$ 3,805.65
Actual Surplus for Year 1914, . . . . .		<u>\$ 35,171.98</u>
Dividends paid 1914, . . . . .		<u>\$ 32,000.00</u>
Balance, . . . . .		<u>\$ 3,171.98</u>

The applicant submitted an appraisal of its properties as of December 31, 1914, in the sum of \$1,114,946.22.

The applicant did not submit a list of the additions and betterments which it proposes to construct from the proceeds of the bonds which it now proposes to issue. At the hearing, the attorney for the applicant requested that at this time a preliminary order

only be issued as to the bonds for additions and betterments, and that supplemental orders thereafter be issued from time to time as the applicant files the necessary details of its proposed construction.

I recommend that this application be granted and submit the following form of Order:

O R D E R.

Santa Barbara Gas and Electric Company having made application to this Commission for authority to issue \$100,000 of its six per cent. 30-year bonds, as set forth in the foregoing Opinion, and a hearing having <sup>been</sup> held and it appearing that the purposes for which it is desired to issue said bonds are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Santa Barbara Gas and Electric Company be given authority and is hereby given authority to issue \$100,000 of its six per cent. 30-year bonds under its trust indenture to Los Angeles Trust and Savings Bank, trustee, dated July 1, 1911, said bonds maturing July 1, 1941.

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

(1). The bonds herein authorized to be issued shall be sold by the applicant at not less than 95 per cent of par value plus accrued interest.

(2). The proceeds derived from the sale of the bonds shall be used for the following purposes:

(A). To discharge the following notes:

<u>Favor</u>	<u>Date</u>	<u>Amount</u>	<u>Due</u>
Commercial Bank of Santa Barbara	Sept. 13-13	\$10,000	1-day Note
First Nat'l Bank Santa Barbara	Sept. 22-13	5,000	1 day Note
First Nat'l Bank Santa Barbara	Sept. 22-13	5,000	1 day Note
Santa Barbara Co. Nat'l Bank	Sept. 25-13	3,000	1 day Note
Santa Barbara Co. Nat'l Bank	Dec. 18-13	5,000	1 day Note
The Commercial B'k., Sta. Barbara,	Oct. 26-14	5,000	Jan. 24-15
First Nat'l Bank Santa Barbara,	Oct. 26-14	5,000	Jan. 24-15
		\$38,000	

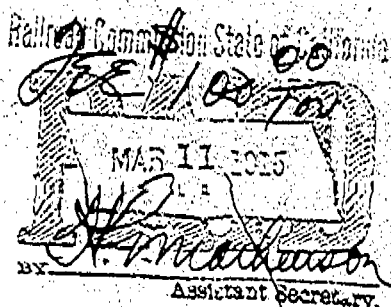
(B). For additions and betterments to applicant's plant or system, ..... \$62,000

Total, ..... \$100,000

- (3). The bonds herein authorized to be issued, as set forth in subdivision "B" of condition No. 2, shall be issued and sold only after the applicant shall have filed with this Commission a detailed statement of such proposed additions and betterments, and shall have received from this Commission a supplemental order specifically authorizing the use of the proceeds of the bonds herein authorized therefor.
- (4). Santa Barbara Gas and Electric Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued; and on or before the twenty-fifth 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.
- (5) The authority herein granted shall apply to such bonds as shall have been issued on or before December 31, 1915.
- (6). The authority herein granted is conditioned upon the payment by applicant of the fee prescribed in 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 27<sup>th</sup> day of February, 1915.



*H. S. ...*  
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 Commissioners.