

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the application of Economic Gas Company for an order approving an issue of bonds of said corporation of the face value of \$930,000.

Application No. 500.

Chickering and Gregory, and Winfield Dorn, for applicant.

DEVLIN, Commissioner.

Third Supplemental Opinion

Heretofore, on May 5, 1915, this Commission issued a Second Supplemental Order (Decision No. 2355) in the above entitled matter, modifying the terms of its First Supplemental Order (Decision No. 1238) of January 30, 1914.

By said modification the Economic Gas Company was authorized to issue \$122,500 par value of its preferred stock and to place the same with L. P. Lowe, S. Waldo Coleman and C. W. Conlisk, as trustees, to be sold as the stockholders of the said company should direct, but in no event to be sold for less than \$80.00 per share. Such authorization was granted by this Commission on the condition that the proceeds derived from the sale of said stock should be used to pay floating indebtedness of the company or for additions and betterments to its property.

The stock above referred to was stock which had been surrendered to the trustees above named by stockholders of the applicant as part of the plan of reorganization of the applicant, approved by the First Supplemental Order of this Commission.

It now appears that prior to the authorization to issue said stock contained in the said First Supplemental Order, the trustees above named had used and applied 268 shares of said stock, of the par value of \$26,800, for the benefit of the corporation and the satisfaction of certain floating indebtedness.

It further appears that the said stock was applied at its par value upon the said floating indebtedness and that the same was done with the consent and approval of the stockholders of the corporation and in furtherance of the plan of reorganization heretofore approved by this Commission.

It also appears that the use of said stock for the satisfaction of floating indebtedness was made under a misapprehension on the part of the trustees, the applicant, and the stockholders, that no specific authority was necessary or required from this Commission for the issuance thereof.

Economic Gas Company now petitions this Commission to approve the said issue of 268 shares of its preferred stock and the use, as aforesaid, of the proceeds from the sale of said stock. The applicant has now made a showing that the issue of said 268 shares would be within the authority subsequently given by the Second Supplemental Order of this Commission, and I so find.

In as much, however, as at the time of the use of said stock as aforesaid, this Commission had not given specific authority for the issue of the same nor prescribed the conditions upon which it might be used by the trustees for the benefit of the corporation, a supplemental order will be required and I therefore submit the following form of order:

Third Supplemental Order

Economic Gas Company having applied to this Commission for authority to issue 268 shares of preferred stock, as specified in the foregoing opinion,

And a hearing having been held and it appearing that the applicant has heretofore issued without authority from this Commission, 268 shares of its preferred stock, for a purpose subsequently approved by this Commission in its supplemental orders and in compliance with conditions therein imposed by this Commission, and that the issue of said stock was made prior to the authorization by this Commission,

IT IS HEREBY ORDERED that Economic Gas Company be granted authority and it is hereby granted authority to issue 268 shares of preferred stock; said 268 shares of preferred stock to be issued upon the recall and cancellation of 268 shares of said preferred stock heretofore sold by this applicant at par, as specified in the foregoing opinion.

The 268 shares of preferred stock herein authorized to be issued shall be deemed to be a part of the <sup>1,225</sup>~~1,245~~ shares of preferred stock of this applicant heretofore authorized to be issued by this Commission in its First Supplemental Order and Second Supplemental Order in the above entitled matter. JHM

The 268 shares of preferred stock herein authorized to be issued shall be in consideration for the surrender and cancellation of the certificates representing the unauthorized issuance of the same number of shares in December, 1913, and shall be in lieu thereof.

The foregoing Third Supplemental Opinion and Order are hereby approved and ordered filed as the Third Supplemental

Opinion and Order of the Railroad Commission of the State  
of California.

Dated at San Francisco, California, this 30<sup>th</sup> day  
of September, 1915.

Max Shelton

Max Gordon

Edwin O. Edgerton

Francis R. Durbin

Commissioners.