

ORIGINAL

Decision No. 4056-

Decision No. \_\_\_\_\_

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 of CENTRAL CALIFORNIA GAS COMPANY )  
 for an order authorizing the issue )  
 of \$32,000. face value of notes )  
 at par. )

Application No. 2726.

C. S. S. Forney, for Central California  
 Gas Company.  
 W. C. Crittenden, for Chas. F. Leege,  
 J. Molgaard, and Clark Burnham, stock-  
 holders of applicant,  
 protestants.

LOVELAND, GORDON, DEVLIN, Commissioners.

O P I N I O N

This is an application of Central California Gas Company for authority to issue \$32,000.00 face value of notes at par, the proceeds to be used to acquire \$12,000.00 face value of 6 per cent bonds for its sinking fund and to repay a \$20,000.00 note held by Anglo-California Trust Company, dated May 21, 1915, due one day after date and bearing interest at 6 per cent per annum.

At the present time applicant is in arrears in its sinking fund payments to the extent of \$12,000.00. The note in favor of Anglo-California Trust Company is also overdue. In order to take care of these obligations, applicant desires to issue 32 notes of the face value of \$1,000.00 each, bearing interest at 7 per cent per annum, payable monthly, callable at 101 and accrued interest and payable February 1, 1921.

At the hearing Mr. C. S. S. Forney, president of Central California Gas Company, stated that he made tentative arrangements for the sale of these notes but that no agreement had been entered into in writing.

In Decision Number 3997, dated January 10, 1917, this Commission issued its order upon the applications of Central California Gas Company to issue \$87,500. par value of 7 per cent prior preferred stock and to issue \$50,000. of 6 per cent notes secured by \$50,000. par value of preferred stock.

Applicant desired to use the proceeds of said stock or notes for the purpose of meeting sinking fund requirements in the sum of \$12,000.00, to pay notes and accounts payable in the sum of \$29,000. and to provide for additions and betterments to its system in the sum of \$46,590.95.

In its opinion the Commission called attention to various discrepancies and irregularities in applicant's books and in the conduct of its affairs and also called attention to the fact that Mr. Forney, president of the company, had taken from the company's funds \$4,926.05, which he had charged to himself on open account.

The Commission stated that under all the circumstances it was unwilling to recommend that the applicant be allowed to issue stock or notes as requested.

The Commission further stated that the money borrowed from applicant by any of its officials should be forthwith

returned and unnecessary expenses discontinued, and further that it would be necessary for applicant to provide additional means, through the medium of an assessment, to take care of its sinking fund and to pay its pressing obligations.

The evidence in the matter now before the Commission does not show any essential change in the affairs of this corporation as outlined in this Commission's Decision Number 3997, dated January 10, 1917.

The applicant will be expected to proceed to collect funds through the medium of an assessment for the purposes outlined in this Commission's previous decision. Thereafter the Commission will be in a position to entertain further applications from this utility relative to the financing of its properties. In the meantime we are of the opinion that the application now before the Commission should be denied.

### O R D E R

CENTRAL CALIFORNIA GAS COMPANY having applied to this Commission for authority to issue \$32,000.00 face value of promissory notes and to use the proceeds in acquiring \$12,000.00 face value of its 6 per cent bonds for its sinking fund and in repaying a note in the face value of \$20,000.00 to Anglo-California Trust Company;

And it appearing to this Commission that for the reasons set forth in the Opinion which precedes this order, the application herein should be denied.

IT IS HEREBY ORDERED that the application of Central California Gas Company to issue \$32,000.00 face value of promissory notes be and it is hereby denied.

The foregoing Opinion and Order are hereby approved  
and ordered filed as the Opinion and Order of the Railroad Com-  
mission of California.

Dated at San Francisco, California, this 25th -  
day of January, 1917.

Max Thelen  
H. Lovinland  
Wm. G. Foster  
Edwin O. Edgerton  
Frank R. Deane

Commissioners.