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ORIGINAL

Decision No. 5429

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
ECONOMIC GAS COMPANY.)
a corporation, for an order author-)
izing the issue and sale of bonds of)
the par value of \$300,000.00.)

Application Number 3372.

Chickering and Gregory, by Allen Chickering,
for applicant.
R.W. Kelly, in propria persona.

EDGERTON, Commissioner.

O P I N I O N.

In this application, as amended at the hearing on March 27, 1918, ECONOMIC GAS COMPANY asks authority to issue \$90,000.00 of its First Mortgage 5 per cent Gold Bonds, payable December 31, 1939. The company proposes to sell the bonds at not less than 83-1/3 per cent of their face value and use the proceeds to reimburse its treasury and to pay indebtedness incurred for the purpose of installing additions and betterments to its plant and system.

The testimony shows that applicant has sold \$479,000.00 of its bonds and pledged \$86,000.00, making a total of \$565,000.00 of bonds outstanding.

For the three year period ending December 31, 1917,
 applicant reports revenues and expenses as follows:-

<u>A c c o u n t</u>	<u>1915</u>	<u>1916</u>	<u>1917</u>
Operating Revenues	\$186,183.91	\$211,455.73	\$236,248.61
Operating Expenses	170,358.90	167,045.31	196,187.03
Net Operating Revenue	15,825.01	44,410.42	40,061.58
<u>Additions:-</u>			
Miscellaneous Interest Revenues	-	-	-
Gross Corporate Income	15,825.01	44,410.42	40,061.58
<u>Deductions:-</u>			
Uncollectible Bills	3,265.80	3,822.48	3,117.74
Misc. Non-Operating Revenues	-	-	-
Non-Operating Taxes	-	202.50	115.50
Interest Accrued on Funded Debt	15,150.00	15,150.00	19,034.68
Other Interest	6,785.81	6,284.78	4,094.95
Amortization of Debt Discount and expense	-	-	686.22
Total Deductions	25,201.61	25,459.76	27,049.09
Amount available for de- preciation, dividends, etc.:	* 9,376.60	18,950.66	13,012.49

* Loss

In Exhibit "C" attached to the amended petition herein, applicant reports that from May 1, 1915 to August 31, 1917 it has expended for additions and betterments the sum of \$215,454.02. This expenditure includes \$12,177.88 for a new gas holder. In Exhibit "D" attached to the amended petition herein, applicant estimates that it will have to expend \$59,930.37 additional to complete the holder, making a total expenditure of \$72,108.25. I believe that the proceeds realized from the sale of the bonds herein authorized to be issued should be used by applicant to reimburse its treasury for income expended or to pay indebtedness incurred for the purpose of building its new gas holder. Because of this

conclusion it becomes unnecessary to analyze applicant's capital expenditures from May 1, 1915 to August 31, 1917, nor is it necessary to consider the protest filed by R. W. Kelly.

He admits that the company is in need of additional holder capacity and raises no objection to the use of the proceeds from the sale of the \$90,000.00 of bonds for that purposes.

I herewith submit the following form of Order:-

O R D E R

ECONOMIC GAS COMPANY having applied to the Railroad Commission for authority to issue \$90,000.00 of bonds, a hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Economic Gas Company be, and it is hereby, granted authority to issue \$90,000.00 face value of its First Mortgage 5 Per Cent Gold Bonds, payable December 31, 1939, subject to the following conditions:-

1.-The bonds herein authorized to be issued shall be sold by applicant for not less than 83-1/3 per cent of their face value, plus accrued interest.

2.-The proceeds realized from the sale of the bonds shall be used by applicant to reimburse its treasury for income expended or to pay indebtedness incurred for the purpose of constructing the gas holder referred to in Exhibit "D" attached to the amended petition herein.

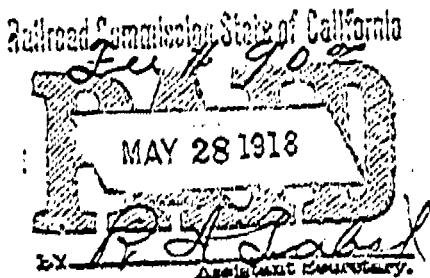
3.-Economic Gas Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission 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.

4.-The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

5.-The authority herein granted shall apply only to such bonds as may be issued on or before December 31, 1918.

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 25th day of May, 1918.



Max Thelen

H. L. Lovelace

W. G. Gordon

E. W. O. Edgerton

Frank W. Wiley

Commissioners.