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ORIGINAL

Decision No. 4491 -

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
MODESTO GAS COMPANY,)
a corporation, for an order authori-) Application No. 4651.
zing the issue of bonds.)

Frank A. Cressey, Jr., for applicant.
W.H. Donahue, for Mary E. McCarthy.

BRUNDIGE, Commissioner.

O P I N I O N.

MODESTO GAS COMPANY asks permission to issue and sell at not less than 90 per cent of their face value and accrued interest \$65,000. of first mortgage 6 per cent bonds due January 1, 1945.

The company intends to use the proceeds to pay for additions and betterments, the total cost of which it estimates in Exhibit "B", attached to the petition, as follows:

Holder,	\$45,000.
200 H.P. Boiler,	4,000.
Setting,	3,000.
Exhaustor,	1,200.
Purifiers,	3,000.
Generating Apparatus,	12,000.
	<u>\$68,200.</u>

The record clearly shows that applicant should proceed at once with the construction and installation of the improvements. Applicant's plant as it now exists has a generating capacity of

200,000 cubic feet per 24 hours. Its gas holder has a capacity of 70,000 cubic feet. The testimony shows that during last December the company had a peak demand of 190,000 cubic feet per day, while its generating capacity is limited to 200,000 cubic feet per day. To take care of increasing business and render proper service at all times, it is imperative that applicant increase both the holder and generating capacity of its plant. The new holder, which applicant intends to build, will have a capacity of 300,000 cubic feet, and the new generating equipment a capacity of 30,000 cubic feet per hour. The construction of these improvements may obviate the necessity of operating the plant at all hours during the day.

Modesto Gas Company reports assets and liabilities as of December 31, 1918, as follows:

ASSET ACCOUNTS:

Fixed Capital,	\$182,867.25
Cash,	500.00
Deposits,	1,137.36
Accounts Receivable,	13,257.61
Due from Consumers & Agents, 13,062.95	
Misc. Accounts Receivable, 194.66	
Other Current Assets,	266.70
Liberty Bonds,	10,595.00
Materials and Supplies,	7,221.15
Unamortized Discount on Bonds,	5,033.80
Other Suspense,	552.00
<u>TOTAL ASSET ACCOUNTS,</u>	<u>\$221,430.87</u>

LIABILITY ACCOUNTS:

Capital Stock,	\$100,000.00
Funded Debt,	55,000.00
Notes Payable,	—
Accounts Payable,	5,060.06
Consumers Deposits, 1,177.50	
Misc. Accounts Payable, 3,882.56	
Reserve for Accrued Depreciation,	15,795.20
Corporate Surplus Unappropriated,	45,575.61
<u>TOTAL LIABILITY ACCOUNTS,</u>	<u>\$221,430.87</u>

Applicant's report for the year ending December 31, 1918, shows that it had 1,420 consumers in 1918 and 1,308 consumers in

1917. In addition, the company's report shows 106 municipal street lighting fixtures. During 1917, the company after paying operating expenses, interest, taxes and providing for depreciation reported a net surplus of \$13,085.01, and during 1918 a net surplus of \$14,149.42. The surplus earnings of the company during 1917 and 1918 have been more than adequate to pay 6 per cent interest on \$65,000 of bonds which applicant now desires authority to issue.

W.E. Donahue, representing Mary E. McCarthy, appeared at the hearing and questioned the wisdom of installing a 300,000 cubic feet holder and increasing the generating capacity of the plant to the extent indicated. Following the hearing, W.E. Donahue made an examination of applicant's plant and the territory in which applicant is operating and has advised the Commission that he withdrew all objections.

I herewith submit the following form of Order.

O R D E R.

MODESTO GAS COMPANY having applied to the Railroad Commission for permission to issue \$65,000 of its first mortgage 6 per cent bonds due January 1, 1945, a public hearing having been held and the 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 the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that MODESTO GAS COMPANY be, and it is hereby, granted authority to issue and sell at not less than 90 per cent of their face value plus accrued interest \$65,000 of its first mortgage 6 per cent bonds due January 1, 1945, and use

the proceeds obtained from the sale of said bonds to pay in whole or in part for the extensions, additions and betterments described in Exhibit "B", attached to the petition herein, provided:--

- (1).-- That, Modesto Gas Company will keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds, as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.
- (2).-- That, the authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.
- (3).-- That, the authority herein granted will apply only to such bonds as may be issued on or before December 15, 1919.

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 12th day of July, 1919.

State of California
JUL 16 1919
H. Matheson
Assistant Secretary

H. S. Longbeard
Frank R. Wilson
H. K. Brundage
Dwight Martin
Commissioners.