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ORIGINAL

Decision No. 6915

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
COAST VALLEYS GAS AND ELECTRIC COM-  
PANY, a corporation, for an order  
authorizing the issue of bonds of the  
face value of \$125,000.00

Application No. 5094.

Chickering & Gregory by W. C. Fox, for applicant.  
Myrick & Deering and James Walter Scott, for  
certain bondholders of Monterey and Pacific  
Grove Railway Company, protestants.

LOVELAND, Commissioner.

O P I N I O N

Coast Valleys Gas and Electric Company asks permis-  
sion to issue and sell, at not less than 85 per cent of their face  
value and accrued interest, \$125,000.00 of its First Mortgage 6 Per  
Cent 40-year Bonds, due March 1, 1952.

L. F. Jackson, President of the Company, testified  
that the company is in need of funds for extending and improving  
its service, especially in its electrical department. His testi-  
mony shows that the company now has a single 60,000 volt transmission  
line between Salinas and Soledad and a line of 30,000 volts, approxi-  
mately between Soledad and King City; that the single line affords

no chance for duplication service to insure against annoyance and interruptions in service at times when it is necessary to take the line out of service or at times when the line breaks down, and that therefore, it has been decided to duplicate the transmission line and provide for additional service between Salinas and King City. The cost of this additional line, including meters and switching apparatus is estimated at \$90,000.00. The Company has already ordered wire, costing \$28,000.00 necessary to build the line from Salinas to Soledad.

The moneys from the sale of the bonds remaining after paying for the transmission line referred to, applicant intends to expend for the construction of extensions, additions and betterments made necessary by the normal and ordinary growth of its business. The specific purposes for which applicant will use the remaining proceeds are not disclosed by the record and the Order will therefore contain a provision that such remaining proceeds shall be expended only for such purposes as the Railroad Commission may hereafter authorize.

Myrick and Deering and James Walter Scott, who represent certain bondholders of Monterey and Pacific Grove Railway Company, in a protest filed subsequent to the hearing, ask the Commission not to grant the application. On December 2, a stipulation was filed in which it is agreed that the protest is submitted on the same evidence and arguments as were presented in Application Number 4352. It appears that the protest contains no new matter which would cause me to change my views expressed in Decision Number 5324, dated May 12, 1919, Application Number 4352. I still entertain the same opinion as then; namely, that if a creditor of the railway company can establish any claim against Coast Valleys Gas and Electric Company, he will more likely be able to collect such claim if Coast Valleys is given a reasonable opportunity to

take on new business, improve its service and keep on functioning. The Order herein will provide that all of the proceeds from the sale of the bonds must be used to pay for the construction of extensions, additions and betterments to applicant's properties.

I herewith submit the following form of Order:-

O R D E R

COAST VALLEYS GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for permission to issue bonds, a public 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 this Order or in amendments thereto, 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 Coast Valleys Gas and Electric Company be, and it is hereby, authorized to issue \$125,000.00 face value of its First Mortgage 6 Per Cent 40-Year Bonds, due March 1, 1952.

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

1.-The bonds herein authorized shall be sold by applicant for not less than 85 per cent of their face value, plus accrued interest.

2.-Of the proceeds obtained from the sale of bonds, approximately \$90,000.00 may be used to pay for the construction of the duplicate transmission line referred to in the foregoing Opinion and more particularly described in the testimony herein. The remainder of the proceeds

shall be expended only for such purposes as the Railroad Commission may authorize by a supplemental order or orders.

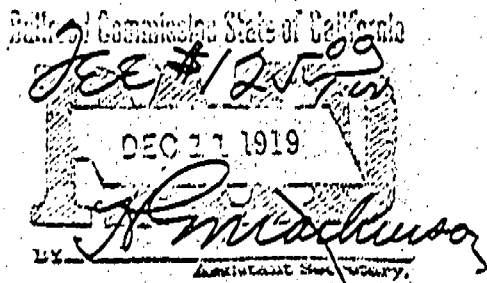
3.-Coast Valleys Gas and Electric Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

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

5.-The authority herein granted will apply only to such bonds as may be issued and sold on or before July 1, 1920.

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 9<sup>th</sup> day of December, 1919.



Edwin E. Edgerton  
H. J. England  
Frank R. Doherty  
Irving Martin

Commissioners.