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ORIGINAL

Decision No. 7008

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA GAS COMPANY for)	
an order authorizing the issuance)	Application No. 5191.
and sale of bonds.)	

A. E. Peat, for applicant.

BRUNDIGE, Commissioner.

O P I N I O N

Southern California Gas Company asks permission to issue and sell for not less than 93 per cent of their face value, plus accrued interest, \$300,000.00 of its First Mortgage Series "C" 6 Per Cent bonds.

Applicant reports that it has constructed extensions, additions and betterments to its plant costing \$537,885.72 and that it has issued no stock or bonds to pay for such construction.

A. E. Peat, Treasurer and Comptroller of Southern California Gas Company, testified that the company had to date expended considerably more than \$537,885.72 for extensions, additions

and betterments against which it has issued no stock or bonds, and that it has financed such construction through the investment of surplus earnings, the issue of short term notes and by incurring other current indebtedness.

The trustee under applicant's mortgage, securing the payment of its bonds, is authorized to certify bonds equal in amount to 85 per cent of the cost of extensions, additions and betterments. The \$300,000.00 of bonds which applicant now asks permission to issue is considerably less than 85 per cent of the cost of extensions, additions and betterments reported in this application.

A. E. Peat testified that the granting of the application would not be interpreted as an approval of all of the expenditures referred to in the exhibit attached to the petition, but only as an approval of such an amount of expenditures, without specifying any one in particular, as would justify the issue of the \$300,000.00 under applicant's mortgage.

Applicant intends to use \$185,000.00 of the proceeds obtained from the sale of the \$300,000.00 of bonds to pay short term note indebtedness due Farmers & Merchants National Bank, and use the remainder to reimburse its treasury because of earnings expended to pay for the construction of extensions, additions and betterments.

I herewith submit the following form of Order:-

O R D E R

SOUTHERN CALIFORNIA GAS COMPANY having applied to the Railroad Commission for permission to issue bonds, 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 this

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 Southern California Gas Company be, and it is hereby, authorized to issue \$300,000.00 face value of its First Mortgage Series "C" 6 Per Cent bonds, subject to the following conditions:-

1.-The bonds herein authorized shall be sold by applicant for cash for not less than 93 per cent of their face value, plus accrued interest.

2.-Of the proceeds realized from the sale of the bonds herein authorized, applicant shall use \$185,000. to pay a note or notes due Farmers & Merchants National Bank, and referred to in the testimony herein, and the remainder of the proceeds obtained from the sale of said bonds, to liquidate current indebtedness or reimburse its treasury because of earnings expended to pay for the construction of extensions, additions and betterments referred to in the Exhibit attached to the petition herein.

3.-Southern California Gas 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.

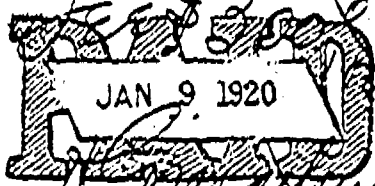
4.-The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

5.-The authority herein granted will apply only to such bonds as may be issued and sold on or before June 30, 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 8th day of January, 1920.

Railroad Commission State of California



BY

[Handwritten signature]
Assistant Secretary

[Handwritten signature: Edwin O. Edgerton]
[Handwritten signature: H. J. Loveland]
[Handwritten signature: H. H. Bourdage]

Commissioners.