

Decision No. 7426

ORIGINAL

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 autho-)
rizing the issue of bonds.)

Application No. 5512.

Frank A. Cressey, Jr., for applicant.

BRUNDIGE, Commissioner.

O P I N I O N

MODESTO GAS COMPANY asks the Railroad Commission to make an order authorizing it to issue \$15,000.00 par value of its first mortgage 6 per cent bonds due January 1, 1945.

Applicant reports that to improve its service, it is necessary for it to install a 2000ft. 8" feed line starting at 10th and "F" streets and running thence along "F" street for a distance of about five blocks. The cost of this line is estimated at \$3,000.00. To take on consumers in the "Capital Heights Addition" of the City of Modesto, applicant intends to install 8900 ft. of 4" main at an approximate cost of \$12,000.00. It is for the purpose of paying for these improvements that applicant asks permission to sell \$15,000.00 of bonds at not less than 93 per

cent of their face value plus accrued interest.

As of December 31, 1919, Modesto Gas Company reports assets and liabilities as follows:

Asset Accounts:

Fixed Capital,	\$238,249.63
Cash,	500.00
Deposits,	38,189.26
Accounts Receivable,	16,995.14
Other Current Assets,	266.70
Liberty Bonds,	6,500.00
Materials and Supplies,	7,452.98
Unamortized Discount on Bonds,	8,981.07
Other Suspense,	1,443.96
<u>Total Assets,</u>	<u>\$318,578.74</u>

Liability Accounts:

Capital Stock,	\$100,000.00
Funded Debt,	115,000.00
Notes Payable,	7,000.00
Accounts Payable:-	
Audited Vouchers & Wages Unpaid, 8,762.42	
Consumers Deposits, 1,677.00	
Miscellaneous Accounts Payable, . 8,082.14	
<u>Total Accounts Payable,</u>	<u>18,521.56</u>
Reserve for Accrued Depreciation	21,161.28
Corporate Surplus Unappropriated,	56,895.90
<u>Total Liabilities</u>	<u>\$318,578.74</u>

Applicant reports filed with the Railroad Commission show that during 1919 it had 1,671 consumers; during 1918, 1,420 and during 1917, 1,308. In addition, the company's reports show 106 municipal street lighting fixtures. Its reports further show gross operating revenues for 1919 of \$85,535.31, for 1918 \$68,224.34 and for 1917 \$55,025.17. After paying operating expenses, interest, taxes and providing for depreciation, applicant reports a net surplus of \$5,424.07 for 1919, \$14,149.42 for 1918 and \$13,085.01 for 1917. The decrease in net surplus in 1919 is due to the increase in operating expenses, which for 1918 are reported at \$49,908.06 and for 1919 at \$75,355.05.

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 \$15,000.00 of its first mortgage

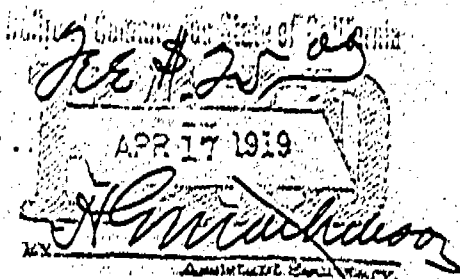
6 per cent bonds due January 1, 1945, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this order, and that the expenditures for 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 93 per cent of their face value plus accrued interest \$15,000.00 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 for the installation of the 2000 ft. 8" feed line and the 8,900 ft. 4" main and other improvements referred to in the application; 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 and sold on or before October 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 15th day of April, 1920.



Edwin C. Egan
H. ...
Frank ...
H. ...
Darius ...
COMMISSIONERS. 39