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Decision No. 8398.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of )  
SOUTHERN COUNTRIES GAS COMPANY OF )  
CALIFORNIA for authority to issue addi- )  
tional bonds in the amount of )  
\$929,389.26 and to sell or pledge the )  
same. )

Application No. 6306.

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Walter S. McFarland for applicant.

EDGERTON and BRUNDIGE, Commissioners.

O P I N I O N.

SOUTHERN COUNTRIES GAS COMPANY OF CALIFORNIA asks permission to issue, sell or pledge \$929,389.26 of its first mortgage 5-1/2 per cent bonds, payable May 1, 1936, and use the moneys obtained through the selling or pledging of the bonds to reimburse its treasury and pay for additions and betterments.

Applicant reports that from December 1, 1919 to September 30, 1920, inclusive, it expended for plant extensions, additions and betterments the sum of \$534,129.78. It asks permission to issue on account of such expenditures \$427,303.82 of bonds. Prior to December 1, 1919, the company made expenditures against which it may call upon the trustees under its first mortgage to certify \$371.84 of bonds. Adding the \$371.84 to the \$427,303.82 makes a total of \$427,675.66, of bonds which applicant now asks permission to issue and sell or pledge.

Attached to the petition is a statement in which applicant estimates the cost of its plant extensions, additions and betterments from September 30, 1920 to July 31, 1921 at \$627,142.00. Eighty per

cent of the estimated expenditures amounts to \$501,713.60, which amount if added to the \$427,675.66, mentioned in the preceding paragraph, makes a grand total of \$929,389.26. The company does not now asks permission to either sell or pledge the bonds which it finally intends to issue against the estimated expenditures to be made from September 30, 1920 to July 31, 1921. It will from time to time file supplemental applications for permission to sell or pledge bonds on account of expenditures made during the period mentioned.

At this time the company does not intend to sell any of its first mortgage bonds but to use the \$427,675.66 of bonds herein authorized to be issued as collateral to secure in part the payment of \$400,000.00 of 10-year 8 per cent bonds.

Walter S. McFarland, secretary and treasurer of Southern Counties Gas Company of California, testified that while the company desired permission to use the moneys obtained through the issue and pledging of bonds herein authorized, to reimburse its treasury, all of the moneys will be used by the company to pay current indebtedness.

We herewith submit the following form of Order.

O R D E R.

SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA having applied to the Railroad Commission for authority to issue \$929,389.26 of first mortgage 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 by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA be, and it is hereby, authorized to issue \$929,389.26 of its first mortgage 5-1/2 per cent bonds due May 1, 1936.

The authority herein granted is subject to the following conditions:

- 1.-- Of the bonds herein authorized to be issued, applicant may deposit \$427,675.66 face value, as collateral to secure in part the payment of 10-year collateral trust 8 per cent gold bonds, said bonds to be deposited at the ratio of \$131.25 face value of first mortgage bonds for every \$100.00 face value of 8 per cent bonds issued.
- 2.-- The remainder of the bonds herein authorized to be issued shall not be deposited as collateral, sold, or otherwise disposed of, except as authorized by the Railroad Commission.
- 3.-- All moneys received through the issue and deposit of \$427,675.66 of bonds shall be used by applicant to reimburse its treasury, and after such reimbursement, to pay current liabilities reported in this application.
- 4.-- As the 8 per cent bonds secured by first mortgage bonds are paid, a proper proportion of the first mortgage bonds deposited as collateral shall be returned to applicant and thereafter not disposed of by applicant in any manner whatsoever, except as authorized by the Railroad Commission.

5.-- Southern Counties Gas Company of California shall keep such record of the issue and disposition of the bonds herein authorized and the use 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.

6.-- The authority herein granted will apply only to such bonds as may be issued on or before June 30, 1921.

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 30<sup>th</sup> day of November, 1920.

Edwin O. Edgerton  
H. B. Loveland  
Wm. K. Lundy  
H. P. Brundage  
Irving Martin  
Commissioners.

Railroad Commission State of California

