

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application :
of SOUTHERN COUNTIES GAS COMPANY : Application No. 668.
OF CALIFORNIA, for authority to :
issue \$100,000.00 of bonds. :

Wilson and Wilson, for applicant.

LOVELAND, Commissioner.

O P I N I O N.

The applicant in this case asks for authority to issue \$100,000.00 of its six per cent thirty year bonds and to use the proceeds thereof for additions and betterments to its system. Applicant owns and operates a system of gas plants as follows:-

- a. Gas Plant at Santa Ana which serves through its distributing system and high pressure lines the cities of Santa Ana, Orange, Anaheim, Fullerton, Placentia and Garden Grove.
- b. Gas Plant at Whittier which serves through its distributing system the City of Whittier.
- c. Gas Plant at Monrovia which serves through its distributing system and high pressure lines the cities of Monrovia, Sierra Madre, Arcadia, South Santa Anita and El Monte.
- d. Gas Plant at Covina which serves through its distributing system and high pressure lines the cities of Covina, Azusa and Glendora.

The affairs of this corporation have been reviewed in detail by this Commission in its decision upon Application No. 230. In its present application Southern Counties Gas Company sets forth that the necessities of its business require the construction of additions and betterments as follows:-

BETTERMENTS REQUIRED AT PLANTS

<u>Santa Ana Plant (Now being Installed)</u>		June 30, 1913.
250 H.P. Boiler, connected.....	\$5500.00	
Direct connected Turbine Blower....	1050.00	
" " Exhauster.....	950.00	
Extension Building Over Generator..	600.00	
" " " Boiler.....	<u>4000.00</u>	\$12,100.00
Supt. Engineering and Contingencies.		1,210.00
<u>Proposed for Immediate Installation</u>		
Second Lift on Gas Holder.....	\$6000.00	
Compressor Installed.....	1800.00	
Wash Box for #2 Generator.....	400.00	
Small Air Blower.....	75.00	
New Valves and Piping.....	450.00	
Lots 7 & 8, Block "A", Bailey's		
Addition.....	600.00	9,325.00
Supt. Engineering and Contingencies.		<u>932.50</u>
 <u>Monrovia Plant (Now being Installed)</u>		
Generator and Wash Box, Installed..	\$3500.00	
Scrubber " ..	1000.00	
Set of 2 Purifiers " ..	2000.00	
12" Offtake lines with Fittings		
and Valves.....	500.00	
Direct connected Turbine Blower Set	1050.00	
" " Exhauster.....	<u>950.00</u>	9,000.00
Supt. Engineering and Contingencies..		900.00
<u>Monrovia Plant (Proposed for Immediate</u>		
<u>Installation)</u>		
250 H.P. Steam Boiler, Installed...	\$5500.00	
Lamp Black Separator.....	600.00	6,100.00
Supt. Engineering and Contingencies.		610.00
Miscellaneous small betterments		
for all plants.....		<u>4,000.00</u>
Total required for Plants..		<u>\$44,177.50</u>

BETTERMENTS REQUIRED ON DISTRIBUTING SYSTEM.

Now being installed:

<u>Santa Ana</u>	
Various short extensions.....	\$ 515.00
5800' 6" Gas Line @ 75¢.....	4350.00
4600' 4" " " " 50¢.....	2300.00
 <u>Orange</u>	
Various short extensions.....	200.00
 <u>Anaheim</u>	
Various short extensions.....	277.00
 <u>Fullerton</u>	
Various short extensions.....	115.00
4" Belt Line "	1488.00
 <u>Whittier</u>	
Various short extensions.....	437.00
 <u>Monrovia</u>	
Various short extensions.....	<u>91.50</u>
Amount carried forward.....	\$9773.50

Amount brought forward.....	\$9773.50	\$44,177.50
<u>Placentia</u>		
Various short extensions.....	38.00	
95 Service mains to meters.....	270.50	
50 " regulators.....	<u>150.00</u>	\$10,232.00
Superintending, Engineering and Contingencies		1,023.20
<u>Proposed for Immediate Installation</u>		
<u>Santa Ana</u>		
3 Regulators in Vaults.....	\$ 300.00	
Drips.....	100.00	
<u>Monrovia</u>		
8" Line from Plant to Uptown... Holder, 2000' @ \$1.05.....	4200.00	
<u>Sierra Madre</u>		
3" Line from Fallingleaf to White Oaks on Santa Anita Ave. thence to Sierra Madre via Grand View.....	<u>4150.00</u>	8,750.00
Various short extensions all over system to be put in as business demands.....	23000.00	
1800 Services, main to curb....	6400.00	
900 Regulators.....	<u>2700.00</u>	32,100.00
Supt. Engineering and Contingencies		<u>4,085.00</u>
		56,190.20
GRAND TOTAL.....		<u>\$100,367.70</u>

The applicant herein submits an appraisal of its properties in the sum of \$691,197.00.

It has bonds outstanding to the amount of.....\$589,500.00

It has bonds in its treasury, authorized by this Commission, but unissued, in the sum of... 11,500.00

It owes, in the form of note indebtedness,..... 50,072.43.

making ^{a total} ~~combined obligations~~ of.....\$651,072.43

Under the terms of its mortgage and deed of trust, the applicant herein may issue bonds up to 75% of the cost of additions and betterments and may issue such bonds only when the net earnings of the company are one and one-half times the interest charges on the outstanding bonds, plus one and one-half times the interest

The company submits also a statement of earnings for the six months ending June 30, 1913, as follows:-

Gas Sales.....	\$111,656.84		
Merchandise Sales-Profits	<u>1,983.04</u>	\$113,639.88	
Miscellaneous Income.....		<u>318.56</u>	
<u>Total Gross Income...</u>		<u>\$113,958.44</u>	
Operating Expenses.....	\$ 75,965.03		
Taxes.....	3,477.05		
Insurance.....	1,710.00		
Depreciation.....	<u>200.00</u>	<u>79,352.08</u>	
<u>Net Earnings before providing for Bad Debts, Bond Interest, Other Interest, etc..</u>			\$ 34,606.36
<u>DEDUCT:-</u>			
Merchandise rebates -			
Bad Debts.....	\$ 109.67		
Interest on Funded Debt.	17,444.17		
Other Interest.....	<u>1,184.87</u>	<u>\$ 18,738.71</u>	
<u>Net Earnings for six months ending June 30, 1913.....</u>			<u>\$15,867.65</u>
<u>DEDUCT:-</u>			
Expenses - Loss on Working Equipment and adjustment of claims chargeable to years 1911 and 1912.....	\$ 252.17		
Expenses - Law adjustments chargeable to the year ending December 31, 1911.....	<u>4,876.89</u>	<u>5,129.06</u>	
<u>Less Income credited to the year ending December 31, 1912....</u>		<u>45.06</u>	<u>5,084.00</u>
<u>Net Profit for six months ending June 30, 1913.....</u>			<u>\$ 10,785.65</u>

Southern Counties Gas Company is extending its system to take care of the increasing business offered. I find that the additions and betterments which the applicant proposes to make are reasonably required for its service and that they are not reasonably chargeable to operating expenses or to income.

Under applicant's mortgage and deed of trust, it may, however, issue bonds up to only 75% of the cost of the proposed additions and betterments, or in the sum of \$75,000.00.

As applicant's mortgage and deed of trust provides further that it may issue bonds only when its net earnings shall have been one and one-half times the interest charges on outstanding bonds, plus one and one-half times the interest charges upon bonds to be issued, I find that the applicant may at this time issue only \$7,000.00 in bonds.

I recommend that the applicant be authorized to issue \$75,000.00 in bonds. At the same time, I recommend that it be authorized to issue at this time only \$7,000.00 in bonds and that applicant be permitted, by supplemental orders, to issue the remaining \$68,000.00 of bonds at such times as it shall be able to show earnings as required under its mortgage and deed of trust.

I, therefore, submit the following form of Order:-

ORDER

SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA having applied to this Commission for authority to issue \$100,000.00 of its six per cent thirty year first mortgage bonds under its mortgage and deed of trust to Los Angeles Trust and Savings Bank, as trustee, a copy of which is on file with this Commission and to which reference is hereby made;

And a hearing having been held; and it appearing that the purposes for which Southern Counties Gas Company desires to issue said bonds are not, in whole or in part, chargeable to operating expenses or to income;

And it appearing further that the additions and betterments which Southern Counties Gas Company desires to make to its gas plants from the proceeds of said bonds are reasonably required in the conduct of its business,

IT IS HEREBY ORDERED: That Southern Counties Gas Company be given authority, and it is hereby given authority, to issue \$75,000.00 of its first mortgage six per cent thirty year bonds under its mortgage and deed of trust to Los Angeles Trust and Savings Bank, as trustee, dated April 1, 1911, said bonds maturing April 1, 1914, a copy of said mortgage and deed of trust being on file with this Commission in Application No. 230, to which reference is hereby made.

(1) Said bonds herein authorized to be issued shall be issued to pay for 75% of the additions and betterments to applicant's gas system, as follows and not otherwise:-

BETTERMENTS REQUIRED AT PLANTS.

<u>Santa Ana Plant (Now being Installed)</u>	June 30, 1913.	
250 H.P. Boiler, connected.....	\$5500.00	
Direct connected Turbine Blower.....	1050.00	
" " Exhauster.....	950.00	
Extension Building Over Generator....	600.00	
" " " Boiler.....	4000.00	\$12,100.00
Supt.Engineering and Contingencies...		1,210.00
<u>Proposed for Immediate Installation.</u>		
Second Lift on Gas Holder.....	\$6000.00	
Compressor Installed.....	1800.00	
Wash Box for #2 Generator.....	400.00	
Small Air Blower.....	75.00	
New Valves and Piping.....	450.00	
Lots 7 & 8, Block "A", Bailey's Addition.....	600.00	9,325.00
Supt.Engineering and Contingencies...		932.50
 <u>Monrovia Plant (Now being Installed)</u>		
Generator and Wash Box, Installed....	\$3500.00	
Scrubber " ".....	1000.00	
Set of 2 Purifiers " ".....	2000.00	
12" Offtake lines with Fittings and Valves.....	500.00	
Direct connected Turbine Blower Set..	1050.00	
" " Exhauster.....	950.00	9,000.00
Supt.Engineering and Contingencies...		900.00
 <u>Monrovia Plant (Proposed for Immediate Installation)</u>		
250 H.P. Steam Boiler, Installed.....	\$5500.00	
Lamp Black Separator.....	600.00	6,100.00
Supt.Engineering and Contingencies...		610.00
Miscellaneous small betterments for all plants.....		4,000.00
 Total required for Plants..... (Fwd.)		<u>\$44,177.50</u>

Amount brought forward.....\$44,177.50

IMPROVEMENTS REQUIRED ON DISTRIBUTING SYSTEM

Now being installed:

Santa Ana

Various short extensions...\$ 515.00
5800' 6" Gas Line @ 75¢... 4350.00
4600' 4" " " " 50¢... 2300.00

Orange

Various short extensions.. 200.00

Anaheim

Various short extensions.. 277.00

Fullerton

Various short extensions.. 115.00
4" Belt Line " .. 1488.00

Whittier

Various short extensions.. 437.00

Monrovia

Various short extensions.. 91.50

Placentia

Various short extensions.. 38.00
95 Service mains to meters 270.50
50 " regulators..... 150.00 \$10,232.00

Superintending, Engineering
and Contingencies.....

1,023.20

Proposed for Immediate
Installation.

Santa Ana

3 Regulators in Vaults....\$ 300.00
Drips..... 100.00

Monrovia

8" Line from Plant to Up-
town Holder, 4000' @ \$1.05 4200.00

Sierra Madre

3" Line from Fallingleaf
to White Oaks on Santa
Anita Ave. thence to Si-
erra Madre via Grand View 4150.00 8,750.00

Various short extensions
all over system to be put
in as business demands....23000.00
1800 Services, main to
curb..... 6400.00
900 Regulators..... 2700.00 32,100.00
Supt. Engineering and
Contingencies..... 4,085.00 \$56,190.20

GRAND TOTAL.....\$100,367.20

(2) Southern Counties Gas Company may issue at this time \$7,000.00 of said bonds and shall make no further issue of said bonds until it shall have filed with this Commission, in satisfactory form, a statement showing that its net earnings for twelve months have been one and one-half times the interest on outstanding bonds, plus one and one-half times the interest on the bonds proposed to be issued and shall have received a supplemental order from this Commission authorizing such further issue of bonds.

(3) The bonds herein authorized to be issued shall be sold so as to net applicant herein not less than 85% of the face value thereof, plus accrued interest thereon.

(4) Southern Counties Gas Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds hereby authorized to be issued; and on or before the 25th day of each month the company shall make verified reports to the Commission stating the sale or sales of said bonds during the preceding month, the terms and conditions of the sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

(5) The payment of the minimum fee prescribed in Section 57 of the Public Utilities Act shall be a condition precedent to the effectiveness of this Order.

(6) The authority hereby given to issue such bonds shall apply only to bonds issued by said company on or before the 30th day of June, 1914.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad

