

LM

Decision No. 8684

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of MODESTO GAS COMPANY, a corpo-) Application Number 6478.
ration, for an order authorizing)
the issue of bonds.)

Frank A. Cressey, Jr., for applicant.

BRUNDIGE, Commissioner.

O P I N I O N.

MODESTO GAS COMPANY asks permission to issue \$25,000.00 face value of its first mortgage 6 per cent bonds due January 1, 1945.

The company intends to use the proceeds from the sale of the bonds to reimburse its treasury, it reporting that during the years 1916 to 1920, both inclusive, it expended for plant extensions, additions and betterments, the sum of \$29,559.86, against which no bonds have been issued. A detailed statement of these expenditures is contained in Exhibit "B" attached to the petition. These expenditures have been examined by the Commission's engineers and found to be reasonable.

Applicant reports \$100,000. of stock and \$130,000. of bonds outstanding on December 31, 1920. In addition, applicant reports \$20,000. of notes and \$14,271.40 of accounts payable, and a surplus of \$65,836.55.

In Decision Number 7581, dated May 17, 1920, the Commission in fixing applicant's rates, used as a rate base the sum of \$281,958.42.

Applicant reports revenues and expenses for the years ending December 31, 1920 and 1919, as follows:-

INCOME AND SURPLUS ACCOUNT	1920	1919
Operating revenue	\$116,577.88	\$ 85,535.31
Operating expenses	96,862.11	75,355.05
Net operating revenue	19,715.77	10,180.26
Non operating revenues	740.31	933.99
Gross corporate income	20,456.08	11,114.25
DEDUCT:		
Uncollectible bills	438.20	429.84
Interest on funded debt	7,470.00	4,690.00
Other interest	769.95	317.64
Amortization of debt discount and expense	383.16	252.73
TOTAL DEDUCTIONS	9,061.31	5,690.18
Surplus for year	11,394.77	5,424.07
Surplus at beginning of year	56,895.90	45,575.61
Miscellaneous additions to surplus	328.05	8,402.80
Dividends	-	1,000.00
Miscellaneous deductions from surplus	2,782.17	1,506.58
Surplus at end of year	\$ 65,836.55	\$56,895.90

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 bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured thereby is reasonably required for the purpose or purposes specified in the order, and the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expense or to income;

IT IS HEREBY ORDERED that MODESTO GAS COMPANY be, and it is hereby, authorized to issue and sell at not less than 90 per cent of their face value, plus accrued interest, \$25,000.00 of its first mortgage bonds due January 1, 1945.

The authority herein granted is subject to further conditions as follows:-

1. The proceeds from the sale of the bonds herein authorized to be issued and sold shall be used to reimburse applicant's treasury on account of earnings invested in plant extensions, additions and betterments, as described in applicant's Exhibit "B" filed in this proceeding, and after such reimbursement, to pay outstanding notes and accounts payable.

2. Modesto 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 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.

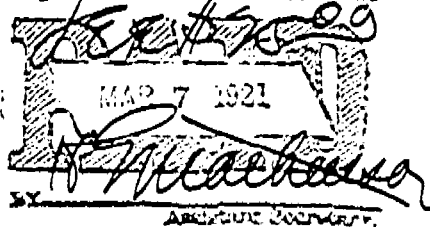
3. The authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

4. The authority herein granted will apply only to such bonds as may be issued and sold on or before October 1, 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 3^d day of ~~February~~ ^{March}, 1921.

Railroad Commission State of California



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Commissioners.