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Decision No. 8806

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 SOUTHERN COUNTIES GAS COMPANY OF)
 CALIFORNIA for an order authorizing)
 the issuance of 10-year collateral) Application Number 6507.
 trust gold bonds and the execution)
 of a trust deed and mortgage securing)
 same and the pledging of first mort-)
 gage bonds as part of the security)
 therefor.)

Leroy M. Edwards, for Applicant.

LOVELAND, COMMISSIONER.

SECOND SUPPLEMENTAL ORDER.

WHEREAS, the Railroad Commission by Decision Number 8399 dated November 30, 1920, as amended, authorized Southern Counties Gas Company of California to execute a trust deed securing the payment of an authorized issue of \$1,000,000. of 10-year collateral trust 8% gold bonds dated December 1, 1920, and issue and sell at 95% of their face value plus accrued interest, \$400,000. of said bonds, and

WHEREAS, the Railroad Commission by its first supplemental order, Decision Number 8617, in this proceeding authorized Southern Counties Gas Company of California to issue and sell at 95 and accrued interest, an additional \$100,000.00 of Series "B" 8% collateral trust bonds secured by the deposit of \$131,400.00 of 5½% first mortgage bonds and to use the proceeds to reimburse the treasury on account of capital expenditures made prior to December 31, 1920, and

WHEREAS, applicant in its second supplemental application filed in the above entitled matter, asks permission to issue and sell at 95 and accrued interest, \$100,000.00 additional bonds (Series "C") and to secure the payment of said \$100,000.00 of Series "C" bonds by the deposit of \$131,300.00 of 5½% first mortgage bonds, and

WHEREAS, applicant reports that up to February 28, 1921 it has expended \$196,790.97 for permanent extensions, betterments and improvements to its existing plant and properties which have not been paid for by the issue of bonds, and

WHEREAS, the Engineering Department of the Railroad Commission has examined and found reasonable said expenditures, 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 of bonds, is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income;

NOW THEREFORE IT IS HEREBY ORDERED, that Southern Counties Gas Company of California be, and it is hereby, authorized to issue and sell for cash on or before December 31, 1921 at not less than 95% of their face value, plus accrued interest, \$100,000.00 of Series "C" 10-year collateral trust 8% gold bonds and to use the proceeds to reimburse its treasury and after such reimbursement, to pay current liabilities reported in the Second Supplemental Application, in Application Number 6306.

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

1. The payment of the \$100,000.00 of Series "C" 10-year collateral trust bonds herein authorized may be secured by the deposit of \$131,300.00 of applicant's 5½% first mortgage bonds. As the 10-year collateral trust bonds are redeemed, a

proper proportion of applicant's first mortgage bonds deposited as collateral shall be returned to applicant and thereafter not disposed of in any manner whatsoever except as authorized by the Railroad Commission.

2. Southern Counties Gas Company of California 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 to issue bonds will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

Dated at San Francisco, California, this 30th day of March, 1921.

Frank A. DeWitt
H. J. Loveland
Dwight Martin
Charles H. Bowen

Commissioners.