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Decision No. 9054.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
CENTRAL COUNTIES GAS COMPANY for an)
order authorizing the issue and sale)
of \$150,000.00 of 7 per cent debenture notes.)

Application No. 6827.

F.W. Hunter and John E. Jardine, for applicant.

BRUNDIGE, Commissioner.

O P I N I O N.

CENTRAL COUNTIES GAS COMPANY asks permission to issue and sell at not less than 92 per cent of their face value and accrued interest, \$150,000.00 of debenture notes and use the proceeds to pay for the acquisition and construction of properties and the payment of notes issued to acquire and construct properties.

The debenture notes are to be issued under a trust agreement and their payment secured by the deposit of first mortgage bonds. The company has not yet filed a copy of the trust agreement, nor did it in this application ask permission to issue the first mortgage bonds which are to be deposited with the trustee under the trust agreement. The order herein will provide that none of the debenture notes can be delivered until the Commission has authorized the company to execute a trust agreement.

The issue and deposit of first mortgage bonds will be considered by the Commission after applicant has filed with the Commission an application for permission to issue and deposit such bonds.

The debenture notes which applicant asks permission to issue and sell are to be dated July 1, 1921 and mature serially, - \$30,000.00 are to mature July 1, 1924; \$30,000.00 on July 1, 1925; \$30,000.00 on July 1, 1926, and \$60,000.00 on July 1, 1927.

As of March 31, 1921, applicant reports \$103,505.00 of common stock and \$300,000.00 of its first mortgage bonds outstanding. The company's notes payable are reported at \$31,450.00 and its accounts payable at \$32,601.23.

F.W. Hunter, applicant's vice-president, testified that neither applicant's production, nor transmission and distribution systems are sufficient to enable it give adequate and satisfactory service. Applicant intends to use the proceeds from the sale of the debentures for the following purposes:-

Construction and completion of a 200,000 cu. ft. Gas Holder, -Visalia Plant,.....	\$39,000.00
Construction and completion of a new oil Gas Gene- rator, -Visalia Plant,.....	25,000.00
Purchase and installation of approximately 10,000 lineal ft. of 5" Transmission line,.....	10,450.00
Purchase and installation of approximately 5,000 lineal ft. of 6" Distribution Main,.....	6,875.00
Purchase of site, and purchase and installation of storage tanks in the City of Tulare,.....	10,510.00
Purchase and installation of approximately 500 new services including meters, regulators, etc.,...	19,250.00
Refunding --- 60 day 7% note for Ten Thousand Dol- lars (\$10,000.00) in favor of Los Angeles Trust & Savings Bank,.....	10,000.00
Refunding --- one day 7% note for Nine Thousand Six Hundred Dollars (\$9,600.00) in favor of Wm. R. Staats Company,.....	9,600.00

F.W. Hunter testified that in his opinion the expenditure of the proceeds from the sale of debenture notes should increase applicant's net earnings from \$25,000.00 to \$29,000.00 per annum. The Commission in a former decision (Decision No. 7753) called attention to certain improvements which should be made by applicant in

order to enable it to give more adequate service and bring about a more economical operation of applicant's plants. The record in this proceeding shows that all of the improvements suggested by the Commission are included in applicant's proposed construction program and will be financed through the sale of the debenture notes.

I herewith submit the following form of Order:

O R D E R.

CENTRAL COUNTIES GAS COMPANY having applied to the Railroad Commission for permission to issue \$150,000.00 face value of 7 per cent serial debenture notes, 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 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 CENTRAL COUNTIES GAS COMPANY be, and it is hereby, authorized to issue and sell, for cash, at not less than 92 per cent of their face value and accrued interest \$150,000.00 of its 7 per cent debenture notes, provided that none of the notes be delivered until the Commission by supplemental order has authorized applicant to execute a trust agreement under which the notes may and will be certified and issued.

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

- 1.--Upon receiving an order from this Commission authorizing it to execute a trust agreement and after the execution of such an agreement, applicant may use the proceeds

obtained from the sale of the debenture notes for the following purposes:

Construction and completion of a 200,000 cu. ft. Gas Holder, -Visalia plant,....	\$39,000.00
Construction and completion of a new oil Gas Generator, -Visalia plant,.....	25,000.00
Purchase and installation of approximately 10,000 lineal ft. of 5" Transmission line,.....	10,450.00
Purchase and installation of approximately 5,000 lineal ft. of 6" Distribution Main,.....	6,875.00
Purchase of site, and purchase and installation of storage tanks in City of Tulare,.....	10,510.00
Purchase and installation of approximately 500 new services including meters, regulators, etc.,.....	19,250.00
Refunding 60-day 7% note for Ten Thousand Dollars (\$10,000.00) in favor of Los Angeles Trust & Savings Bank,.....	10,000.00
Refunding one-day 7% note for Nine Thousand Six Hundred Dollars (\$9,600.00) in favor of Wm. R. Staats Company,.....	9,600.00

2.--Any proceeds not expended for the foregoing purposes may

be expended only for such purposes as the Commission may hereafter authorize.

3.--The authority herein granted will not become effective until

applicant has paid the fee prescribed by the Public Utilities Act.

4.--Central Counties Gas Company shall keep such record of the

issue and sale of the debenture notes 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.

