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Decision No. 9243

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
MODESTO GAS COMPANY, a corporation, )  
for an order authorizing the issue )  
of bonds. )

Application Number 6972.

**ORIGINAL**

Frank A. Cressey, Jr., for Applicant.

BRUNDIGE, COMMISSIONER.

O P I N I O N.

MODESTO GAS COMPANY asks permission to issue and sell at not less than 80% of their face value and accrued interest, \$20,000. of its first mortgage 6% bonds due January 1, 1945.

In Exhibit "B" applicant reports that it has expended for plant extensions, additions and betterments, the sum of \$23,611.21. The expenditures have been made for the following purposes:-

Gas plant buildings and structures . . . . .	\$1,033.07
Purification apparatus . . . . .	2,844.57
Boosting and regulating apparatus . . . . .	300.30
Distribution mains . . . . .	9,842.20
Services . . . . .	1,995.34
Meters . . . . .	2,009.18
General office equipment . . . . .	2,618.59
General shop equipment . . . . .	1,547.96
General stable and garage equipment . . . . .	<u>1,420.00</u>
Total . . . . .	<u>\$23,611.21</u>

Frank A. Cressey, Jr., applicant's president, testified that the company has invested earnings to pay for the foregoing plant extensions, additions and betterments and that no bonds had been issued against the expenditures. Applicant asks permission to use the proceeds obtained from the sale of the \$20,000.

of bonds to reimburse its treasury on account of earnings expended for plant extensions, additions and betterments.

The testimony of applicant's president shows that even, though the company asks permission to reimburse its treasury through the issue of bonds, the company will use all of the proceeds obtained from the sale of its bonds for capital purposes.

Applicant reports \$100,000. of stock and \$154,000. of bonds outstanding. Its notes outstanding are reported at \$1,700. Applicant has no other indebtedness except current bills.

I believe that this application should be granted and 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 \$20,000. of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured by the issue of such bonds, 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 Modesto Gas Company be, and it is hereby, authorized to issue and sell for cash at not less than 80% of their face value, plus accrued interest, \$20,000. of its first mortgage 6% bonds due January 1, 1945.

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

1. The proceeds obtained from the sale of the bonds herein authorized shall be used by applicant for the purpose of reimbursing in part its treasury, on account of earnings expended for the plant extensions, additions and betterments described in applicant's Exhibit "B" filed in this proceeding,

and after such reimbursement, the proceeds shall be used for capital purposes, as defined by the classification of accounts for gas corporations prescribed by the Railroad Commission.

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 in the Public Utilities Act.

4. The authority herein granted will apply only to such bonds as may be issued, sold and delivered on or before December 31, 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 16<sup>th</sup> day of July, 1921.

Railroad Commission, State of California

File # 25-107

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[Signature]

BY \_\_\_\_\_

[Signature]

[Signature]

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Commissioners.