

Decision No. 28312

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
GAS FUEL SERVICE COMPANY )  
for an order authorizing the issue ) Application No. 19075  
of certain securities. )

John A. Dundas, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Gas Fuel Service Company asks permission to issue 350 shares of its common capital stock for the purpose of paying indebtedness to which reference will hereafter be made.

Gas Fuel Service Company is a corporation organized under and by virtue of the laws of the State of California. It has an authorized stock issue of 1,000 shares of no par value. The Commission by Decision No. 26172, dated July 21, 1933, as amended, granted to the company a certificate of public convenience and necessity to exercise the rights and privileges granted to it under Ordinance No. 151 of the County of Kings and Ordinance No. 290 of the County of Fresno, and to construct and operate a natural gas transmission and distribution system, as more fully set forth in said decision.

Applicant reports that the following is an outline of the out-of-pocket expense items paid or assumed by C. C. Friend and A. L. Dundas in connection with the preliminary work to date in the organization and qualification of the Gas Fuel Service Company:

General expenses covering activities in making practical surveys, securing prospective users, interviewing trade bodies and farm organizations, 3 men complete time 10 months, out-of-pocket expense...\$10,000.00

Legal incorporate expense, including costs fees and expense of hearings, filing costs of franchises, etc..... 15,000.00

Engineering expense, reports, surveys, soil analyses, water surveys and tests, cost analyses and studies for basis of unit costs..... 15,000.00

Total.....\$40,000.00

Because of said expenditures by C. C. Friend and A. L. Dundas, applicant asks permission to issue to them 350 shares of its common capital stock at \$100.00 per share.

Applicant at this time has no stock outstanding. It desires authority to issue some stock so that it can complete its corporate organization and execute certain contracts for the acquisition of pipe and materials. We have not yet made a detailed examination of the reported expenditures, but believe that to assist applicant in perfecting its organization a preliminary order should be entered in this proceeding authorizing applicant to issue 200 shares of common stock. When our examination of the above expenditures has been completed, further consideration will be given to authorizing applicant to issue additional stock to pay said indebtedness.

ORDER

Gas Fuel Service Company having asked permission to issue 350 shares of its common capital stock for the purpose of paying indebtedness, the Commission having considered the request of applicant and being of the opinion that it may without a public hearing authorize applicant to issue 200 shares of its common

capital stock for the purpose of paying in part the indebtedness to which reference is made in the foregoing opinion, and the Commission being further of the opinion that the money, property or labor to be procured or paid for through the issue of said 200 shares of stock is reasonably required by applicant for the purpose of paying in part said indebtedness and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED, that Gas Fuel Service Company be, and it is hereby, authorized to issue and sell, on or before December 31, 1933, to C. C. Friend and A. L. Dundas, or their assigns, 200 shares of its common capital stock at not less than \$100.00 per share, and use the proceeds to pay indebtedness in the sum of not less than \$20,000.00, or issue and deliver said 200 shares of stock to said C. C. Friend and A. L. Dundas, or their assigns, on said basis of not less than \$100.00 per share for the purpose of <sup>paying</sup> said indebtedness.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective upon the date hereof and that applicant shall keep such record of the issue, sale and delivery of the stock 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, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 2<sup>d</sup> day of September, 1933.

C. C. Janney

W. J. Linn

W. B. Harris

Commissioners.