

Decision No. 26475

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 )  
of certain securities. )

**ORIGINAL**

Application No. 19075

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

Gas Fuel Service Company, in the above entitled matter filed on August 31, 1933, asked permission to issue 350 shares of its common capital stock for the purpose of paying in part organization and other preliminary expenses, reported as follows:-

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
Legal incorporate expense, including costs, fees and expenses of hearings, filing, costs of franchises, etc .....	15,000
Engineering expense, reports, surveys, soil analysis, water surveys and tests, cost analyses and studies for basis of unit costs .....	<u>15,000</u>
Total .....	<u>\$40,000.</u>

The Commission on September 2, 1933, by its Decision No. 26313, authorized the company to issue at not less than \$100.00 a share, 200 shares of the stock to pay in part such costs. The opinion in that decision reads in part as follows:-

"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."

Following the date of the Commission's order, an examination of the records pertaining to such expenditure was made by representatives of its Department of Finance and Accounts which disclosed the following items:-

Legal:		
Fees .....	\$14,000.	
Expenses .....	700.	\$14,700.
Engineering fees and expenses .....		10,000.
Preliminary surveys and field work:		
Salaries (two men for eleven months at \$450. a month each).....	9,900.	
Incidental expenses .....	3,390.	13,290.
Total .....		<u>\$37,990.</u>

No additional information has been furnished the Commission by the company.

In authorizing the issue of securities the Commission is required by the terms of Section 52-b of the Public Utilities Act, to make a finding that the money, property or labor to be procured or paid for by such issue is reasonably required. Upon the record in this proceeding, supplemented by the examination made by our representatives, and taking into consideration the nature and probable extent of applicant's business, as indicated in its former application for a certificate of public convenience and necessity, it does not appear that the Commission can make the necessary finding and authorize the capitalization of the organization and preliminary expenses in the amounts named. In the opinion of the Commission, it has heretofore, in permitting the issue of the 200 shares of stock, authorized an ample amount of stock for these purposes and therefore the request of the company as to the remain-

ing 150 shares of stock should be dismissed without prejudice.

FIRST SUPPLEMENTAL ORDER

Gas Fuel Service Company having applied to the Railroad Commission for permission to issue 350 shares of its common capital stock, and the Commission, by Decision No. 26313, dated September 2, 1933, having authorized the issue of 200 shares of such stock and now having given further consideration to the matter and believing that the request to issue the remaining 150 shares of stock should be dismissed without prejudice,

IT IS HEREBY ORDERED, that the above entitled and numbered application insofar as it involves the issue of 150 shares of common capital stock be, and it hereby is, dismissed without prejudice.

DATED at San Francisco, California, this 30<sup>th</sup> day of October, 1933.

D. S. Looney  
Leon A. Wilson  
M. H. Lee  
M. B. Harris  
A. M. Moore

Commissioners.