

Decision No. 28130

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA GAS COMPANY, )  
a corporation, for an order author- )  
izing it to issue and sell fifteen )  
million (\$ 15,000,000,00) dollars )  
principal amount of its first mort- )  
gage and refunding bonds, 4 % series, )  
due 1965. )

Application No. 20030.

**ORIGINAL**

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

By Decision No. 28077, dated June 27, 1935, in the above entitled matter, the Railroad Commission authorized Southern California Gas Company to issue and sell for not less than 98  $\frac{1}{2}$  % of face value and accrued interest, \$ 15,000,000 of its first mortgage and refunding bonds, 4% series, due 1955, and to use the proceeds, among other purposes, to redeem on September 1, 1935, \$ 6,170,000 of its first and refunding mortgage 5  $\frac{1}{2}$ % bonds, series "B" of 1952, and \$ 8,646,000 of its first mortgage and refunding bonds 5% series, due 1957.

The company reports that upon the redemption of its bonds on September 1, 1935 it will be required to pay premiums aggregating \$ 500,090.00 and that it will have on its books at that time unamortized discount and expense applicable to such bonds in the total amount of \$ 608,311.67, the two items amounting to \$ 1,108,401.67. In addition it reports duplicate interest charges from August 1, 1935 to the redemption date of \$ 64,304.17, making a total for the three amounts of \$ 1,172,705.84.

Under the provisions of the uniform system of accounts for gas corporations prescribed by the Commission by Decision No. 12691, dated October 13, 1923, in Case No. 1940, the balances of the unamortized discount and expenses and the premiums paid upon redemption are chargeable to profit and loss. The expenditures

for interest are chargeable to income. However the company has requested that it be authorized to write off the \$ 1,172,705.84 over a five year period instead of charging it off at one time during the present year.

We have reviewed the company's request and believe that if it be considered purely as a matter of accounting convenience, it may be granted insofar as there is concerned the \$ 1,108,401.67 representing the premiums to be paid and the balances in the un-amortized discount and expense accounts applicable to the retired bonds. However, such a permissive order by the Commission relating to the manner in which accounting entries may be made should not be taken as depriving the Commission of the power to withdraw its permit at any time or as binding it to the acceptance of such accounting entries if involved in other proceedings.

FIRST SUPPLEMENTAL ORDER.

The Commission having considered the request referred to in the foregoing opinion and believing it should be granted to the extent specified herein,

IT IS HEREBY ORDERED that Decision No. 12691, dated October 13, 1923, be and it hereby is modified so as to permit Southern California Gas Company, unless and until otherwise directed, to charge to Account 131-Unamortized debt discount and expense-the \$ 1,108,401.67 referred to herein and to amortize the same over a period of five years commencing September 1, 1935.

DATED at San Francisco, California, this 19<sup>th</sup> day of July, 1935.

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*Mr. A. L. ...*  
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*M. B. Harris*  
\_\_\_\_\_  
*Frank R. DeWitt*  
Commissioners