

Decision No. 28177

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
COAST COUNTIES GAS AND ELECTRIC COMPANY,)
a corporation, for order authorizing)
applicant to issue its First Mortgage)
Bonds of the par value of Four Million) Application No. 20109.
(\$4,000,000.) Dollars and to use the)
proceeds for the purposes specified in)
this petition.)

Rittenhouse and Snyder, for applicant.

BY THE COMMISSION:

O P I N I O N

Coast Counties Gas and Electric Company asks permission to issue \$4,000,000. face value of first mortgage 4% bonds, Series B, due September 1, 1965 and forthwith sell \$3,000,000. of said bonds for the purpose of paying outstanding 5% bonds.

Applicant has outstanding \$1,000,000. of common stock, \$1,000,000. of 6% second preferred stock, \$3,746,300. of 6% first preferred stock and \$4,000,000. of first mortgage 5% Series A bonds. Of the bonds, \$314,000. are held alive in applicant's treasury, leaving \$3,686,000. actually outstanding in the hands of the public.

The Coast Counties Gas and Electric Company as of June 30, 1935 reports assets and liabilities as follows:-

ASSETS

FIXED ASSETS:

Fixed capital in service	\$10,283,150.81	
Fixed capital under construction	102,130.44	
Total fixed assets		\$10,385,281.25

INVESTMENTS:

Coast Counties Gas and Electric Company bonds	294,000.00	
Pledged to State of California for Self Insurer's bond	20,000.00	
Total investments		314,000.00

Carried forward..... \$10,699,281.25

Brought forward\$10,699,281.25

CURRENT ASSETS:

Cash \$1,224,018.16
 Special deposits 900.00
 Notes receivable 3,595.00
 Accounts receivable 271,370.56
 Interest receivable 3,975.25
 Inventories 86,144.79

Total current assets 1,590,003.76

DUE FROM AFFILIATED COMPANIES:

Coast Industrial Gas Company 194.55
 Natural Gas Corporation of California 3,093.86

Total due from affiliated companies 3,288.41

PREPAID AND DEFERRED DEBITS:

Prepaid taxes \$321.22
 Prepaid insurance 9,368.79
 Prepaid expense 146.00
 Unamortized debt discount and
 expense 207,133.05
 Work in progress 720.44
 Miscellaneous deferred debits 1,721.92

Total prepaid and deferred debits 219,411.42

MISCELLANEOUS DEBIT ITEMS:

Discount on capital stock-Preferred 317,233.00
 Discount on capital stock-Common 274,186.86

Total miscellaneous debits..... 591,419.86

Total assets..... \$13,103,404.70

LIABILITIES

CAPITAL STOCK:

Preferred stock \$3,746,300.00
 Preferred stock 1,000,000.00
 Common stock 1,000,000.00

Total capital stock \$5,746,300.00

Long term debt 4,000,000.00

CURRENT AND ACCRUED LIABILITIES:

Accounts payable \$ 71,295.11
 Consumers deposits 27,223.14
 Accrued payroll 12,155.99
 Accrued interest-long term debt 30,716.67
 Accrued dividends 11,865.75
 Accrued taxes-local and state 136,547.13
 Accrued taxes-Federal . . . 71,032.58
 Accrued expenses 3,425.22

Total current and accrued liabilities..... 364,261.59

DUE TO AFFILIATED COMPANIES:

Coast Natural Gas Company 18,415.89

INTERCOMPANY ACCOUNTS:

Pacific Public Service Company 1,509.68

DEFERRED CREDITS:

Consumers' advances for construction 37,408.26
 Miscellaneous 23,679.30

Total deferred credits 61,087.56

RESERVES:

Reserve for depreciation \$2,353,040.79
 Reserve for uncollectible ac-
 counts 38,756.04
 Reserve for insurance 172,229.41
 Reserves-Miscellaneous 2,123.54

Total reserves 2,566,149.78

SURPLUS- Earned 345,680.20

2- Total liabilities.... \$13,103,404.70

It is of record that applicant intends to redeem all of its outstanding bonds on November 1, 1935. The bonds are subject to redemption upon 60 days notice at 105 and interest. At this time, as indicated, applicant will sell only \$3,000,000. of the said \$4,000,000. of bonds which it asks permission to issue. \$1,000,000. of said bonds will be executed by the company, authenticated by the trustee and returned to the company's treasury. They may be issued only upon such terms and conditions as the Commission may hereafter authorize.

The \$4,000,000. of 4% bonds will be issued under applicant's existing trust indenture. The company reserves the right to redeem the bonds prior to their maturity. If the bonds are redeemed on or prior to September 1, 1940, the redemption price shall be 107-1/2% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1940, and on or prior to September 1, 1943, the redemption price shall be 106% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1943, and on or prior to September 1, 1946, the redemption price shall be 105% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1946, and on or prior to September 1, 1949, the redemption price shall be 104% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1949, and on or prior to September 1, 1952, the redemption price shall be 103% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1952, and on or prior to September 1, 1956, the redemption price shall be 102% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1956, and on or prior to September 1, 1960, the redemption price shall be 101% of the principal amount of the bonds to be redeemed; if subsequent to September 1, 1960 the redemption price shall be 100% of the principal amount of the bonds to be redeemed.

The company's balance sheet shows that as of June 30, 1935 it had ^{cash} on hand in the amount of \$1,224,018.16. It is the intention of the company to use the proceeds which it will realize from the sale of the \$3,000,000. of bonds herein authorized to be issued and sold and some of its cash on hand to redeem its outstanding 5% bonds.

ORDER

Coast Counties Gas and Electric Company having asked permission to issue \$4,000,000. of bonds, the Commission having considered applicant's request and being of the opinion that this is not a matter on which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of the \$3,000,000. of said bonds is reasonably required by applicant for the purpose of redeeming outstanding bonds and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that \$1,000,000. of said bonds may be executed by applicant and authenticated by the trustee and held in applicant's treasury to be issued hereafter upon such terms and conditions as may be fixed by the Commission and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Coast Counties Gas and Electric Company may on or before December 15, 1935 issue and sell at not less than par, \$3,000,000. of first mortgage 4% bonds, Series B, due September 1, 1965, and use the proceeds to pay outstanding bonds.
2. Coast Counties Gas and Electric Company may, pending the issue, sale and delivery of definitive bonds in the amount of not exceeding \$3,000,000., issue temporary bonds in lieu of said definitive bonds, said temporary bonds to be issued and sold upon the same terms and conditions of said \$3,000,000. of bonds.

3. Coast Counties Gas and Electric Company may on or before December 15, 1935, execute and have authenticated by the trustee under its trust indenture \$1,000,000. face value of first mortgage 4% bonds, Series B, due September 1, 1965, provided said \$1,000,000. of bonds are, after their authentication, returned to applicant's treasury and issued only upon such terms and conditions as may hereafter be permitted by the Commission.
4. Coast Counties Gas and Electric Company shall keep such record of the issue, sale and delivery of the bonds herein authorized to be issued 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.
5. Coast Counties Gas and Electric Company if it issues and sells said \$3,000,000. of bonds, shall file with the Commission within thirty (30) days after the sale of said bonds a copy of the contract between said Coast Counties Gas and Electric Company and the purchaser or purchasers of said bonds, and a copy of the prospectus under which said bonds are being distributed by said purchaser or purchasers.
6. Coast Counties Gas and Electric Company shall, on or before March 1, 1936, file with the Railroad Commission a statement showing in detail the expenses incurred by it because of the issue and

sale of said \$3,000,000. of first mortgage 4% bonds,
Series B, due September 1, 1965.

DATED at San Francisco, California, this 19th day of
August, 1935.

Leon Whitall

W. A. C.

W. A. C.

Frank R. Denny

Commissioners.