

Decision No. 32266

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
INDIO GAS COMPANY,
formerly the Southeastern Service Corp.,
for authority to issue stock. }

Application No. 22819

Robert E. Ford, for applicant

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to make its order authorizing Indio Gas Company, a corporation, to issue three shares of its capital stock, of the aggregate par value of \$300., and a promissory note in the principal amount of \$32,579.43, bearing interest at the rate of three per cent. per annum and payable in installments of \$200 per month or more, at the option of the company.

Indio Gas Company was organized during August, 1932, under the name of Southeastern Service Corp. By an amendment to its articles of incorporation its name in 1938 was changed to Indio Gas Company. The corporation is, and for some time has been engaged, among other things, in operating a gas plant at Indio, California. As of April 30, 1939, it reports its assets and liabilities as follows:-

A S S E T S

Fixed assets		\$55,498.69
Organization expense		794.01
Current assets:		
Cash	\$ 2,693.43	
Accounts receivable	9,132.94	
Inventories	2,528.43	
Prepayments	<u>595.10</u>	14,949.90
Other assets		<u>1,318.52</u>
Total assets		<u>\$72,561.12</u>

LIABILITIES

Capital stock		\$ 300.00
Long term note		32,996.27
Current liabilities:		
Notes and accounts payable	\$ 448.69	
Consumers' deposits	1,077.20	
Accruals	<u>1,052.95</u>	2,578.84
Reserve for depreciation		25,512.65
Surplus		<u>11,173.36</u>
	Total liabilities	<u>\$72,561.12</u>

For 1938 its revenues from the sale of gas are reported at \$26,765.96 and, its revenues from other sources at \$24,665.68.

It appears that sometime after the corporation's organization, three shares of its stock were issued at par (\$100 a share) to the then directors, of which stock one share at present is held by each of the following persons:- C. W. Soderstrom, C. W. Soderstrom, Jr. and Clare E. Soderstrom. The corporation did not receive from this Commission an order authorizing it to issue its stock. The application indicates that arrangements now have been made for the acquisition by C. W. Soderstrom, Jr., of all the outstanding shares and that in order to remove doubt of the validity of the issue, the Commission has been asked to authorize the issue of new shares of stock. This request will be granted.

The balance sheet of the corporation and the application indicate that the cost of its property has been financed in general through advances from C. W. Soderstrom and Clare E. Soderstrom and with moneys represented by the reserve for depreciation and surplus. On or about December 23, 1938 the corporation issued to C. W. Soderstrom and Clare E. Soderstrom its note in the amount of \$33,579.43 in evidence of the advances made by them up to that time, which note was payable in monthly installments of \$200, with interest at the rate of three per cent. per annum. Since the date of issue the note has been reduced to \$32,996.27.

The corporation did not secure from the Commission permission to execute the note and in our opinion such note is void. However, it clearly appears that the corporation's failure to obtain such permission was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. When its attention was called to the necessity of obtaining the consent of the Commission, it forthwith filed this application. An order accordingly will be entered authorizing applicant to issue a new note in the amount of not exceeding \$32,996.27.

ORDER

Indio Gas Company having applied to the Railroad Commission for an order authorizing it to issue stock and a note, as set forth in the preceding opinion, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issues herein authorized, are reasonably required for the purposes specified, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED, that Indio Gas Company, a corporation, be, and it hereby is authorized to issue, after the effective date hereof and on or before October 31, 1939, three shares of its stock, of the aggregate par value of \$300, in lieu of stock of like amount heretofore issued without an order from this Commission, and to issue its promissory note in the principal amount of not exceeding \$32,996.27, bearing interest at the rate of three per cent. per annum, principal and interest payable in monthly installments of \$200, or more, at the option of the maker, for the purpose of paying advances made by C.W.

Soderstrom and Clare E. Soderstrom and of financing in part the cost of its plants and properties, provided,

1. That within thirty(30) days after making such issues, applicant shall advise the Commission of that fact, in writing, and shall file a copy of the note as actually issued; and

2. That the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-three(\$33.00) Dollars.

DATED at San Francisco, California, this 19th day of August, 1939.

Robert W. ...
James P. ...
...
Justin J. ...
Commissioners.

\$ 33.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
PAID
AUG 23 1939
FEE 571
By ...
SECRETARY