

ORIGINAL

Decision No 34863

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA, a corporation, for an order authorizing it to issue and sell \$1,500,000 principal amount of its First Mortgage Bonds, 3% Series due 1972, to mortgage its properties, and to execute and deliver to American Trust Company, as Trustee, a Supplemental Indenture dated as of January 1, 1942.

Application
No. 24592

BY THE COMMISSION:

O P I N I O N

In this application, as amended, Southern Counties Gas Company of California asks permission to execute a supplemental indenture dated as of December 1, 1942, and to issue and sell at not less than 104% of their face value and accrued interest, \$1,500,000 of First Mortgage Bonds, 3% Series due 1972, for the purpose of paying indebtedness and for one or more of the other purposes specified in Section 52(b) of the Public Utilities Act.

Southern Counties Gas Company of California, hereinafter sometimes referred to as applicant, is engaged in the business of purchasing, collecting, transmitting, distribut-

ing, and selling natural gas as a public utility in the Counties of Los Angeles, San Luis Obispo, Santa Barbara, Orange, and San Bernardino, and elsewhere in the southern part of the State of California. By Decision No. 34650, dated October 7, 1941, the Commission authorized Santa Maria Gas Company and Southern Counties Gas Company of California to execute a merger agreement and merge into the Southern Counties Gas Company of California, the surviving corporation, their respective plants, systems, franchises, permits and other properties. Through the execution of the supplemental indenture filed in this proceeding as Exhibit "B," the properties formerly owned by Santa Maria Gas Company as well as other properties of Southern Counties Gas Company of California will be specifically subjected to the lien of the indenture securing the payment of applicant's First Mortgage Bonds. The supplemental indenture also defines the terms of applicant's First Mortgage Bonds, 3% Series due 1972, to which reference will be made hereafter.

Applicant, as of October 31, 1941, reports assets and liabilities as follows:

Assets and Other Debits

<u>Investments</u>		\$35,693,006.72
Intangible fixed capital in service	\$ 166,783.82	
Tangible fixed capital in service	35,158,768.84	
Fixed capital under construction	258,682.85	
Miscellaneous investments	<u>108,771.21</u>	
<u>Current and Accrued Assets</u>		2,783,938.79
Cash	853,396.27	
Special deposits	1,900.00	
Notes receivable	9,350.63	
Accounts receivable	933,964.22	
Materials and supplies	983,103.59	
Miscellaneous current and accrued assets	<u>2,224.08</u>	
<u>Deferred Debits</u>		95,757.70
Clearing or apportionment accounts	13,083.53	
Work in progress	23,348.78	
Prepayments	58,766.95	
Miscellaneous deferred debits	<u>558.44</u>	
Total assets and other debits		<u>\$38,572,703.21</u>

Liabilities and Other Credits

Capital stock		\$11,000,000.00
First Mortgage Bonds, 3% Series due January 1, 1971		11,500,000.00
<u>Current and Accrued Liabilities</u>		2,849,879.98
Accounts payable - to affiliated companies	\$ 1,366,440.83	
Accounts payable - to others	390,857.18	
Consumers' deposits	98,694.94	
Miscellaneous current liabilities	45.00	
Taxes accrued	874,488.13	
Interest accrued	115,000.00	
Miscellaneous accrued liabilities	<u>4,353.90</u>	
<u>Deferred Credits</u>		188,837.64
Consumers' advances for construction	161,123.64	
Miscellaneous deferred credits	<u>27,714.00</u>	
<u>Reserves</u>		11,434,792.98
Depreciation reserve	10,582,871.19	
Casualty and insurance reserve	564,692.36	
Miscellaneous reserves	<u>287,229.43</u>	
Unappropriated Surplus		<u>1,599,192.61</u>
Total liabilities and other credits		<u>\$38,572,703.21</u>

It is of record that applicant is indebted to Pacific Lighting Corporation in the sum of approximately \$1,315,000. This money was borrowed by applicant to enable it to acquire and construct additions and betterments to its properties. The indebtedness was incurred from January 31, 1940 to October 31, 1941. It is of record that from January 1, 1940 to October 31, 1941, applicant has expended for additions and betterments to its properties, the gross sum of \$3,295,774.80.

Applicant, as stated, asks permission to issue and sell \$1,500,000 of First Mortgage Bonds, 3% Series due 1972, at not less than 104% of their face amount plus accrued interest thereon to the date of delivery. It further asks permission to use the proceeds from the sale of said bonds to pay expenses incident to the issue of said bonds, to pay indebtedness due Pacific Lighting Corporation, and to use the remaining proceeds for one or more of the other purposes specified in Section 52(b) of the Public Utilities Act. The order herein will authorize applicant to use said remaining proceeds to reimburse its treasury. The expenses incident to the issue of the bonds should be amortized through charges to the income account or charged to surplus. They do not represent capital expenditures.

The \$1,500,000 First Mortgage Bonds which applicant now desires to issue will mature on January 1, 1972. The bonds will bear interest at the rate of 3% per annum, payable semi-annually on the first day of July and January in each year. They will be presently issued as fully registered bonds, dated July 1, 1941. They are subject to redemp-

tion at any time or from time to time, prior to maturity, at applicant's option, either as a whole or in part by lot, upon payment of accrued interest to the date fixed for the redemption thereof, plus that percentage of the principal amount thereof applicable to such date, in accordance with the following (wherein all dates are inclusive) namely:

From date of issue to December 31, 1944,	108-1/2%
January 1, 1945 to December 31, 1947,	108%
January 1, 1948 to December 31, 1950,	107-1/4%
January 1, 1951 to December 31, 1953,	106-1/2%
January 1, 1954 to December 31, 1956,	105-3/4%
January 1, 1957 to December 31, 1959,	105%
January 1, 1960 to December 31, 1961,	104-1/4%
January 1, 1962 to December 31, 1962,	104%
January 1, 1963 to December 31, 1963,	103-1/4%
January 1, 1964 to December 31, 1964,	103%
January 1, 1965 to December 31, 1965,	102-3/4%
January 1, 1966 to December 31, 1966,	102-1/4%
January 1, 1967 to December 31, 1967,	102%
January 1, 1968 to December 31, 1968,	101-3/4%
January 1, 1969 to December 31, 1969,	101-1/4%
January 1, 1970 to December 31, 1970,	100-3/4%
January 1, 1971 to December 31, 1971,	100-3/8%

As a condition precedent to the redemption of the bonds, the company must publish notices of redemption pursuant to the terms of the indenture securing payment of the bonds.

O R D E R

The Commission having considered the requests of Southern Counties Gas Company of California contained in this application and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of \$1,500,000 face amount of First Mortgage Bonds, 3% Series due 1972, by Southern Counties Gas Company of California, is

reasonably required by Southern Counties Gas Company of California for the purposes specified in this order, and that the expenditures for said purposes, except the expenditures to pay the cost incident to the issue of said bonds, are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, therefore

IT IS HEREBY ORDERED as follows:

1. Southern Counties Gas Company of California may, after the effective date hereof and on or before February 1, 1942, execute a supplemental indenture substantially in the same form as the supplemental indenture filed in this proceeding as Exhibit "B," as amended, provided, that the authority herein granted to execute a supplemental indenture is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said supplemental indenture as to such other legal requirements to which said supplemental indenture may be subject.

2. Southern Counties Gas Company of California may, after the effective date hereof and on or before February 1, 1942, issue and sell at not less than 104% of their face value and accrued interest to the date of delivery, \$1,500,000 of its First Mortgage Bonds, 3% Series due 1972, and use the proceeds for the following purposes:

- a. To pay expenses incident to the issue and sale of said \$1,500,000 face amount of bonds.

- b. To pay indebtedness due Pacific Lighting Corporation in the approximate amount of \$1,315,000.
- c. To reimburse its treasury because of income expended for additions and betterments to its properties.

3. The authority herein granted will become effective when Southern Counties Gas Company of California has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Thousand Two Hundred and Fifty (\$1,250.00) Dollars.

4. Southern Counties Gas Company of California shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. Within thirty (30) days after the issue and sale of said \$1,500,000 face amount of bonds, Southern Counties Gas Company of California shall file with the Railroad Commission a copy of the contract, or contracts, under the terms of which it has sold said bonds, and two certified copies of the supplemental indenture executed under the authority herein granted.

6. Within ninety (90) days after the issue and sale of said \$1,500,000 of bonds, Southern Counties Gas Company of California shall file with the Railroad Commission, a statement showing in detail its expenses incident to the issue and sale of said bonds.

Dated at San Francisco, California, this 2nd day
of December, 1941.

W. B. Baker
Ray L. Riley
Justus J. Cooney
Francis D. Havens
Richard L. Laska
Commissioners.

\$ 1250⁰⁰
RAILROAD COMMISSION
STATE OF CALIFORNIA
PAID
DEC 3 1941
By [Signature]
SECRETARY