

Decision No. 39799

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

COAST COUNTIES GAS AND ELECTRIC COMPANY, a corporation,

for an order authorizing applicant  
(1) to issue additional "First Mortgage Bonds, 2-3/4%, Series due 1975," of the face value of \$900,000, and  
(2) to sell such bonds under sale and purchase agreements to be executed in connection therewith, for a consideration as set out therein, and to use the proceeds for the purposes and in the manner specified in this application.

Application  
No. 28088

O P I N I O N

{ Coast Counties Gas and Electric Company asks permission to issue and sell, at 99.013% of their face amount and accrued interest, \$900,000 of its first mortgage bonds, 2-3/4%, Series due 1975, and use the proceeds to pay indebtedness. }

Applicant is a public utility engaged in selling electricity, natural gas, butane gas and water. For the year ending October 31, 1946, it reports operating revenues of \$7,089,913.84 and operating expenses of \$6,341,612.93. Its net operating revenues for the period amounted to \$748,300.91.

As of October 31, 1946, applicant reports assets and liabilities as follows:

Assets

Fixed assets		\$16,745,407.65
Utility property plant and equipment	\$15,925,815.19 <sup>(1)</sup>	
Intangibles and franchises	80,815.33	
Organization expense	154,075.81	
Construction work in progress	584,701.32	
Investment and fund accounts		61,202.27
Current and accrued assets		1,790,532.17
Cash	560,383.32	
Temporary cash investments	120,000.00	
Accounts receivable	573,277.61	
Interest and dividends receivable	3,630.25	
Materials and supplies	481,488.71	
Prepayments	51,752.28	
Deferred debits		307,182.07
Unamortized debt discount and expense	301,710.44	
Retirement work in progress	3,779.49	
Other work in progress	581.70	
Other deferred debits	1,110.44	
	Total assets	<u>\$18,904,324.16</u>

(1) Includes the following amounts:

Electric plant	\$6,993,481.12
Gas plant	7,262,054.43
Water plant	163,725.22
Common utility plant	615,036.71
Acquisition adjustments	891,517.71

Liabilities

Common capital stock		\$ 3,620,000.00
First preferred capital stock, 5% cumulative		1,875,000.00
First mortgage bonds, 3½% due 1971		3,325,000.00
First mortgage bonds, 2-3/4% due 1975		1,232,000.00
Current and accrued liabilities		1,936,725.29
Notes payable	\$ 700,000.00	
Accounts payable	152,055.69	
Payable to associated companies	326,519.55	
Customers' deposits	29,294.25	
Taxes accrued	625,901.46	
Interest accrued	36,020.83	
Other current and accrued liabilities	66,933.51	
Deferred credits		235,526.30
Customers' advances for construction	128,448.62	
Other deferred credits	596.61	
Clearing accounts	1,099.61	
Unamortized premium on debt	105,381.46	
Reserves		6,004,565.38
Depreciation	5,903,120.90	
Uncollectible accounts	34,189.27	
Injuries and damages	55,536.46	
Dividends	11,718.75	
Contributions in aid of construction		65,297.59
Earned surplus		610,209.60
	Total liabilities	<u>\$18,904,324.16</u>

Applicant estimates its 1946 construction expenditures at \$2,100,000. Its actual expenditures for additions and betterments from November 1, 1945, to October 31, 1946, amounted to \$1,596,949.04. This amount is segregated by applicant to its several departments as follows:

Electric plant	\$ 474,088.68
Gas plant	1,089,172.39
Water plant	788.28
Common utility plant	<u>32,899.69</u>
Total	<u>\$1,596,949.04</u>

While applicant has not yet prepared its 1947 budget, it is of the opinion that its construction expenditures for that year may exceed similar expenditures for 1946.

To pay for part of its additions and betterments, applicant has borrowed on its unsecured notes \$900,000 from the American Trust Company. It intends to use the proceeds from the sale of its bonds to pay part of its indebtedness due the bank.

Applicant's outstanding bonds, amounting to \$4,557,000, are all owned by the John Hancock Mutual Life Insurance Company and by The Mutual Life Insurance Company of New York. The former has agreed to buy \$360,000 and the latter \$540,000 of applicant's 2-3/4% bonds, Series due 1975, at 99.013% of their face amount plus accrued interest, if any. At that price the effective interest rate is about 2.80%. Applicant estimates its expenses incident to the bond issue at \$4,015. It is not paying any finder's fee or commission to sell the bonds. Applicant is, in our opinion, receiving an adequate price for its bonds.

Applicant proposes to charge the bond discount and expense to Account 414, Miscellaneous debits to surplus.

O R D E R

The Commission having considered applicant's request 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 the \$900,000 of first mortgage bonds, 2-3/4%, Series due 1975, by Coast Counties Gas and Electric Company is reasonably required by said Coast Counties Gas and Electric Company for the purpose herein stated, that said purpose other than accrued interest is not, in whole or in part, reasonably chargeable to operating expenses or to income, 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, after the effective date hereof and on or before February 1, 1947, issue and sell, at not less than 99.013% of their face amount plus accrued interest, if any, \$900,000 of its first mortgage bonds, 2-3/4%, Series due 1975. Coast Counties Gas and Electric Company shall use the proceeds, other than accrued interest, realized through the issue and sale of said bonds, to pay in part its outstanding notes. The accrued interest may be used for general corporate purposes.

2. The authority herein granted will become effective when Coast Counties Gas and Electric Company has paid the fee

prescribed by Section 57 of the Public Utilities Act, which fee is Nine Hundred (\$900.00) Dollars.

3. Coast Counties Gas and Electric Company shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 30<sup>th</sup> day of December, 1946.

Harold P. Huls  
Justin J. Casella  
Scott H. Fawcett  
A. J. [Signature]  
 Commissioners

PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA

