

ORIGINAL

Decision No. 42626

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 First Mortgage Bonds, 3%)	Application
Series due 1980, of the face value of	:	No. 30101
\$1,000,000, and)	
(2) to sell such bonds under a sale and	:	
purchase agreement to be executed in)	
connection therewith, for a considera-	:	
tion as set out therein, and to use the)	
proceeds for the purposes and in the	:	
manner specified in this application.)	
-----	:	

O P I N I O N

In this application, Coast Counties Gas and Electric Company requests the Commission to make an order authorizing it to issue and sell \$1,000,000 of First Mortgage Bonds, 3% Series due 1980, for the purpose of paying indebtedness and of financing the cost of additions and betterments to its plants and properties.

Coast Counties Gas and Electric Company is a public utility engaged in distributing natural gas, butane gas, electricity and water in California. Its outstanding bonds and stock and the relative amounts of each as of December 31, 1948, are shown below:

First mortgage bonds -		
3-1/4%, due 1971	\$3,255,000.00	
2-3/4%, due 1975	2,068,000.00	
3%, due 1980	<u>887,000.00</u>	
Total bonds	\$ 6,210,000.00	45%
Preferred stock -		
Series A, 4% cumulative	3,100,000.00	22%
Common stock	<u>4,620,000.00</u>	<u>33%</u>
Total	<u>\$13,930,000.00</u>	<u>100%</u>

In addition, the company reports outstanding a short-term 2% note in the amount of \$500,000 in favor of American Trust Company.

The bonds which applicant now proposes to issue are similar in form to the 3% bonds due 1980 now outstanding. Applicant reports that it made arrangements to sell \$600,000 of said bonds to The Mutual Life Insurance Company of New York and \$400,000 to John Hancock Mutual Life Insurance Company, at their face value plus accrued interest. It estimates expenses incident to the issue and sale of such bonds at \$5,810, which amount it proposes to charge to surplus.

Applicant proposes to use the proceeds to be received through the issue of said bonds to pay indebtedness and to finance the cost of additions and betterments. It reports, as shown in some detail in the application, that between October 1, 1947, and December 31, 1948, it expended for property additions the sum of \$2,244,885 against which no bonds had been issued. In addition, it estimates that it will spend approximately \$3,110,000 for additions and betterments during the calendar year 1949.

In exhibit "A" attached to the application, the company reports its operating revenues during the year 1948 at \$12,115,438.15 and its net income at \$1,012,552.91, after deducting all charges including depreciation expenses of \$590,320.19. It reports its assets and liabilities as of the close of 1948 as follows:

Assets

Fixed assets		\$21,365,956.34
Investment and fund accounts		154,575.42
Current assets -		
Cash and deposits	\$ 691,811.12	
Accounts receivable	1,299,954.34	
Materials and supplies	606,201.75	
Prepaid expenses	<u>234,007.45</u>	
Total current assets		2,831,974.66
Deferred debits		<u>2,016.92</u>
	Total	<u>\$24,354,523.34</u>

Liabilities

Common stock		\$ 4,620,000.00
Preferred stock		3,100,000.00
Bonds		6,210,000.00
Current liabilities -		
Notes payable	\$ 500,000.00	
Accounts payable	966,821.09	
Customers' deposits	25,284.50	
Accrued liabilities	<u>361,388.71</u>	
Total current liabilities		2,353,994.30
Deferred credits		299,122.38
Reserve for depreciation		6,458,585.98
Other reserves		111,516.67
Contributions		105,528.23
Surplus		<u>1,095,775.78</u>
	Total	<u>\$24,354,523.34</u>

A review of the application and of applicant's financial statements clearly indicates that it is in need of additional funds from outside sources to meet its construction requirements and to improve its cash position. The order herein accordingly will authorize the issue and sale of the bonds as requested. The issue of the \$1,000,000 of bonds is exempt from the Commission's competitive bidding requirements set out in Decision No. 38614, dated January 15, 1946.

ORDER

The Public Utilities Commission having considered the above entitled application and being of the opinion that a public

hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue and sale of \$1,000,000 of bonds is reasonably required by Coast Counties Gas and Electric Company for the purposes specified herein, and that the expenditures, other than accrued interest, for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

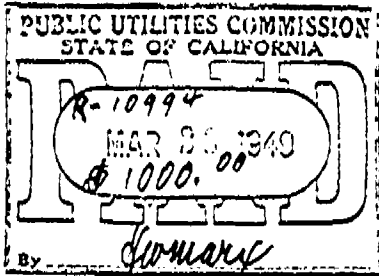
IT IS HEREBY ORDERED as follows:

1. Coast Counties Gas and Electric Company, after the effective date hereof and on or before May 31, 1949, may issue and sell at not less than their face value and accrued interest, \$1,000,000 of its First Mortgage Bonds, 3% Series due 1980, and use the proceeds, other than accrued interest, to finance the cost of additions and betterments to its plants and properties and to pay indebtedness incurred to pay for additions and betterments. The accrued interest may be used for general corporate purposes.

2. Coast Counties Gas and Electric Company shall file with the Commission, within sixty (60) days after the issue and sale of the bonds herein authorized, a statement showing to whom such bonds were sold, the price received, the expenses incurred in connection with the sale of said bonds, and the purposes for which the proceeds were used.

3. 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 one thousand (\$1,000.00) dollars.

Dated at San Francisco, California, this 22nd day
of March, 1949.



R. Z. [Signature]
Justus F. [Signature]
[Signature]
[Signature]

Commissioners