

ORIGINAL

Decision No. 45482

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, 2-7/8%)
 Series due 1981, of the face value of)
 \$1,000,000 and)
 (2) to sell such bonds under a sale and)
 purchase agreement to be executed in con-)
 nection 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. 32205

O P I N I O N

Coast Counties Gas and Electric Company, applicant herein, is a California corporation engaged in operating as an electric utility in the counties of Santa Cruz, Santa Clara, San Benito and Monterey, as a gas utility in the counties of Contra Costa, Santa Cruz, Santa Clara, San Benito, Monterey, Kern, Fresno, Kings and Merced, and as a water utility in Kings County. In this application, it asks permission to issue and sell \$1,000,000 of First Mortgage Bonds, 2-7/8% Series due 1981, for the purpose of paying outstanding indebtedness and of financing the cost of additions to its properties.

The application indicates that applicant has made arrangements to sell said bonds at 98-1/2% of their principal amount plus accrued interest, to Bankers Trust Company, as Trustee of Various Pension Funds. The bonds are in addition to those of the same series heretofore authorized by the Commission in Decision No. 45439, dated March 13, 1951.

In support of its request applicant reports that it is indebted on short-term bank borrowings from American Trust Company in the amount of \$500,000, which it proposes to pay with proceeds from the sale of its bonds, and that it will be called upon during 1951 to expend approximately \$3,578,500 for additions to its properties. The latter amount is segregated as follows:

	<u>Gas</u>	<u>Electric</u>	<u>Water & Common</u>	<u>Total</u>
New business extensions	\$ 344,000	\$ 220,000	\$ 8,100	\$ 572,100
Additions to capacity	451,000	911,000	86,400	1,448,400
Replacements	119,800	273,000	7,500	400,300
Street lighting	-	27,000	-	27,000
Line transformers	-	143,000	-	143,000
Meters	173,800	55,000	1,400	230,200
Services	308,000	62,000	1,400	371,400
Tools and equipment	45,100	13,000	300	58,400
Automotive	17,700	13,500	1,800	33,000
Office furniture and equipment	6,600	3,000	4,600	14,200
Land and buildings	<u>14,000</u>	<u>500</u>	<u>266,000</u>	<u>280,500</u>
Totals	<u>\$1,480,000</u>	<u>\$1,721,000</u>	<u>\$377,500</u>	<u>\$3,578,500</u>

At the conclusion of the proposed financing applicant will have outstanding \$9,021,000 of bonds consisting of \$3,185,000 of 2-1/4% bonds due 1971, \$2,006,000 of 2-3/4% bonds due 1975, \$1,830,000 of 3% bonds due 1980, and \$2,000,000 of 2-7/8% bonds due 1981. Its capital structure, giving effect to the presently proposed issue and including the earned surplus as of January 31, 1951, is as follows:

First mortgage bonds	44.04%
Preferred stock	24.29
Equity capital	<u>31.67</u>
Total	<u>100.00%</u>

A review of the application indicates that applicant will have need for the proceeds it will receive to pay its short-term indebtedness and to help provide its capital requirements, and that

the Commission is warranted at this time in authorizing it to issue and sell additional bonds as requested. The issue of such bonds under the terms set forth in the application is exempt from the Commission's competitive bidding order.

O R D E R

The Commission having considered the above entitled matter, 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 of the bonds herein authorized is reasonably required by applicant for the purposes specified herein; and that the expenditures for such purposes, other than accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

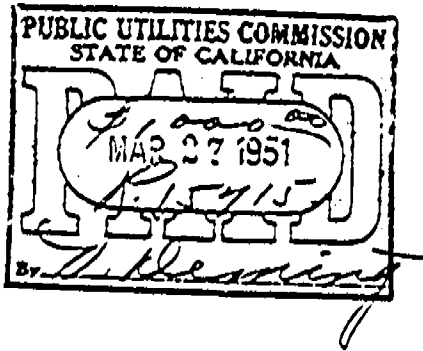
IT IS HEREBY ORDERED as follows:

1. Coast Counties Gas and Electric Company, after the effective date hereof and on or before July 31, 1951, may issue and sell not exceeding \$1,000,000 principal amount of its First Mortgage Bonds, 2-7/8% Series due 1981, at not less than 98-1/2% of their principal amount plus accrued interest.
2. Coast Counties Gas and Electric Company shall use the proceeds to be received from the issue and sale of the bonds herein authorized, other than accrued interest, for the purposes set forth in this application. The accrued interest may be used for general corporate purposes.
3. Coast Counties Gas and Electric Company shall file with the Commission a report, or reports, as required by General Order No.

24-A, which order, insofar as applicable, is made a part of this order.

4. 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 27th day of March, 1951.



[Handwritten signature]

Justin J. Caswell

Harold P. Hula

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John E. Mitchell

 Commissioners