

ORIGINAL

Decision No. 50091

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
COAST COUNTIES GAS AND ELECTRIC COMPANY,	:	Application
a corporation,)	No. 35423
for authority to issue notes.	:	
-----)	

O P I N I O N

In this proceeding Coast Counties Gas and Electric Company seeks an order of the Commission authorizing it to issue notes in the principal amount of \$2,500,000 for the purpose of refinancing existing short-term indebtedness.

Applicant reports that during the period extending from March 1, 1953, to and including March 31, 1954, it expended \$4,391,977.72 for capital additions and improvements and that it financed said capital expenditures in part with funds provided by operations and in part through the issue of \$2,500,000 of short-term bank loans. The short-term bank loans thus issued, five in number, mature six months after dates of issue and provide for interest at the prevailing prime rate, which in the instant proceeding varies from 3-1/4% to 3%. The notes currently outstanding were issued pursuant to the provisions of Section 823 of the Public Utilities Code, without the necessity of prior authorization of the Commission. Renewal of these notes so as to extend the period of the loan beyond one year from the date of original issue will require the authorization which applicant now seeks.

Applicant is resorting to bank loans as a medium of financing its capital improvements and replacements due to the

possibility of its being merged in the near future into Pacific Gas and Electric Company.^{1/} It is applicant's opinion that permanent financing of its short-term notes through the issue of additional bonds or preferred or common stocks seems inadvisable at this time.

A review of the application indicates that applicant will have need for the funds to be obtained from the issue of the notes referred to herein. An order will be entered granting applicant authority to renew the notes currently outstanding. If further renewal becomes necessary, applicant may seek Commission authorization through the filing of a brief supplemental application.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by applicant for the purpose specified herein, and that such purpose is 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, on and after the effective date hereof and on or before December 31, 1954, may issue unsecured notes in the principal amount of not exceeding \$2,500,000 to refund existing short-term indebtedness.

^{1/} Pacific Gas and Electric Company has acquired 94% of the outstanding preferred stock of Coast Counties Gas and Electric Company and has acquired 95% of the outstanding shares of stock of Pacific Public Service Company. The latter owns all of the outstanding shares of common stock of applicant.

2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,750.00.

Dated at San Francisco, California, this 1st day of June, 1954.

John E. Mitchell
President

James F. Calmes

Kenneth Pottel

Verne Higgins

Commissioners

