

ORIGINAL

Decision No. 65966

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTH TAHOE GAS
CO., a California corporation,
for authority to enter into a
Continuing Guaranty of borrowings
by Gas Unlimited, Inc., a
California corporation.

Application No. 45681
Filed August 15, 1963

OPINION AND ORDER

South Tahoe Gas Co., applicant herein, has applied to the Commission for authorization to enter into a continuing guaranty of borrowings, up to a maximum amount of \$350,000, by Gas Unlimited, Inc., the holder of all its outstanding shares.

The application shows that on July 1, 1963, Gas Unlimited, Inc., entered into a loan agreement with Bank of America National Trust and Savings Association whereby said bank agreed to extend a nonrevolving interim line of credit in the amount of \$350,000 for the period commencing July 1, 1963 and ending June 30, 1964, the borrowings under the credit to be represented by notes payable not more than 12 months after dates of issue and not later than June 30, 1964. One of the conditions of the loan agreement was that applicant corporation would execute a continuing guaranty of the borrowings by the parent corporation.

Section 830 of the Public Utilities Code reads as follows:

"No public utility shall assume any obligation or liability as guarantor, endorser, surety, or otherwise in respect of the securities of any other person, firm, or corporation, when such securities are payable at periods of more than 12 months after the date thereof, without having first secured from the commission an order authorizing it so to do. Every such assumption made other than in accordance with the order of the commission authorizing it is void."

In view of the fact that the securities to be issued by Gas Unlimited, Inc., will be payable not later than 12 months after dates of issue, we are of the opinion, and find, that the requirements of said Section 830 do not apply in this particular transaction and that applicant may execute said continuing guaranty without our authorization. The fact that \$130,000 of the proceeds of these notes will be used to refund a prior note issued by the parent corporation does not bring this guaranty within the provisions of said Section 830, therefore,

IT IS ORDERED that Application No. 45681 is dismissed for lack of jurisdiction.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 10th day of September, 1963.

William B. Burnett

President
George L. Grover

Frederick B. Holhoff

Commissioners