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Decision No. 13076.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
WESTERN STATES GAS AND ELECTRIC COMPANY,  
a corporation, for an order authoriz-  
ing the issue and sale of \$750,000.00  
per value of its common stock.

Application Number 9588.

ORIGINAL

Chickering & Gregory, by Allen L. Chickering,  
for Applicant.

BY THE COMMISSION:

OPINION

In this application, Western States Gas and Electric Com-  
pany asks permission to issue and sell at par for cash, \$750,000.00  
of its common stock for the purpose of liquidating outstanding indebt-  
edness and financing the cost of additions and betterments.

As of September 30, 1923, Western States Gas and Electric  
Company reports its authorized and outstanding capital stock as fol-  
lows:-

	<u>Authorized</u>	<u>Outstanding</u>
Common .....	\$ 5,000,000	\$3,231,500
Preferred .....	10,000,000	3,448,000
TOTAL.....	<u>\$ 15,000,000</u>	<u>\$6,679,500</u>

Reports on file with the Commission show that the holders  
of the preferred stock have received dividends at the rate of seven  
percent. per annum and the holders of the common stock, during the  
years 1918 to 1922 inclusive, at the rate of 2.25 percent. per annum.  
The testimony in this proceeding of Samuel Kahn, applicant's vice-

president and general manager, indicates that dividends on the common stock were suspended during 1923.

Applicant proposes to sell the stock for which application is now made, to Standard Gas and Electric Company, at par, for the purpose of financing the cost of additions and betterments and of paying outstanding indebtedness. As of September 30, 1923 it reports uncapitalized construction expenditures of \$661,803.24 and it estimates that it will be called upon to expend \$1,766,550 for capital purposes during the period from October 1, 1923 to September 30, 1924, as shown in some detail in exhibits attached to Application Number 9525 and Number 9647. The sum of the actual and estimated expenditures to which reference is made, amounts to \$2,428,353.24. The decision in Application Number 9525 and Number 9647 authorizes the issue of \$1,350,000.00 of bonds to pay in part the cost of such expenditures, leaving a balance of \$1,078,353.24. The proceeds from the \$750,000.00 of stock will be used to finance in part the cost of these additions and betterments or to pay indebtedness incurred in making such additions and betterments. On September 30, 1923, the company reported notes payable of \$62,863.02, accounts payable of \$571,119.24 and due Standard Gas and Electric Company, \$298,335.42.

While the Commission will authorize the issue of the \$750,000 of common stock at par it is not to be understood that any determination was made, of what equity, if any, is represented by the company's outstanding common stock.

#### ORDER

WESTERN STATES GAS AND ELECTRIC COMPANY, having applied to the Railroad Commission for permission to issue and sell \$750,000 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for

through the issue and sale of such stock is reasonably required by applicant and that the application should be granted as herein provided:-

IT IS HEREBY ORDERED that Western States Gas and Electric Company be, and it is hereby, authorized to issue and sell at par for cash \$750,000.00 of its common capital stock and to use the proceeds for the purpose of paying in part the cost of the additions and betterments to which reference is made in the foregoing opinion, or to pay indebtedness incurred because of the construction of such additions and betterments.

The authority herein granted is subject to further conditions as follows:-

1. Western States Gas and Electric Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
2. The authority herein granted will become effective upon the date of this order and will expire on April 30, 1924.

DATED at San Francisco, California, this 23<sup>rd</sup> day of January, 1924.

Oliver S. Seaver  
H. B. Manning  
Irving Martin  
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Commissioners.