

Decision No. 13781

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
LOS ANGELES GAS & ELECTRIC CORPORATION  
for an order authorizing the issuance  
and sale of its six per cent preferred  
stock.

Application  
Number  
10205

Paul Overton, for Applicant.

BRUNDIGE, Commissioner :

O P I N I O N

Los Angeles Gas and Electric Corporation asks permission to issue 50,000 shares (\$5,000,000.00 par value) of its six per cent preferred stock and such additional amount of such stock as may be subscribed for by its stockholders pursuant to their right and privilege, under the law, to subscribe for the proportion of such stock as their stockholdings bear to the total subscribed and/or issued preferred stock, and to sell and deliver such stock at not less than \$90.00 per share. Of the proceeds realized from the sale of the 50,000 shares of preferred stock applicant asks permission to pay Bond & Goodwin & Tucker, Inc. a commission of \$6.00 per share for their services rendered in connection with the sale of such stock. All the remaining proceeds obtained from the sale of its preferred stock applicant intends to use to pay for additions and extensions to its plants, properties and equipment as set forth in its Exhibit "C" filed in this proceeding. Applicant also asks permission to issue temporary receipts to the subscribers of its preferred stock, such receipts to be exchanged for stock certificates as soon as applicant is in a position to deliver its stock certificates.

Applicant has an authorized stock issue of \$30,000,000.00 divided into \$10,000,000.00 of preferred and \$20,000,000.00 of common. Of the preferred stock, \$7,273,400.00, and of the common \$10,000,000.00 was outstanding on June 1, 1924. A special meeting of applicant's stockholders has been called for July 25th. At such meeting the stockholders are asked to vote upon the proposal to increase applicant's authorized capital stock from \$30,000,000.00 to \$60,000,000.00 divided into \$30,000,000.00 of common and \$30,000,000.00 of preferred stock. Applicant will offer all of the new preferred stock to its present stockholders, who have the right to subscribe for such stock in the proportion which their stockholdings bear to the total subscribed and/or issued preferred stock at the price (\$90.00 per share) at which applicant will offer said stock for sale to the public. It is not believed that applicant's stockholders will subscribe for all of the new preferred stock. It has entered into an agreement with Bond & Goodwin & Tucker, Inc. whereunder they are to act as applicant's selling agents in the sale of \$5,000,000.00 of preferred stock. For their services they are to receive a commission of \$6.00 per share of stock sold. Pending the delivery of stock certificates applicant will issue temporary receipts to stock purchasers. These are to be exchanged for stock certificates. If for any reason applicant will be unable to deliver stock certificates within a reasonable time, it will refund to the purchasers of the stock the full purchase price plus interest at the rate of six dollars per annum on each \$90.00 paid in on such subscription.

Applicant in its Exhibit "C" reports its estimated approved expenditures during 1924 for additions and extensions to its plants

properties and equipment at \$13,823,225.00 segregated as follows :-

Gas Works, including one 7 million cu. ft. generator, one 1 million cu. ft. per hour and two one- half million cu. ft. per hour each compressors, one 10 million cu. ft. holder and purchase of property and installation of foundation for another 10 million cu. ft. holder for 1925, together with auxiliary equipment and build- ings . . . . .	\$1,675,060
New Gas Works, first payment on account of site . . . . .	100,000
Electric Works, including one 17,500 kilowatt turbo- generator and auxiliary equipment, etc. . . . .	1,032,732
New Electric Works, at Seal Beach, on which expenditures during 1924 will reach at least . . . . .	2,200,000
Gas Distributing System . . . . . Including 250 miles commercial mains 18 miles pressure mains 32,000 gas services 48,000 gas meters 25,000 gas regulators	4,038,493
Electric Distributing System, including 20,000 electric services 24,000 electric meters . . . . .	2,521,700
New General Office Building and equipment . . . . .	1,350,000
Miscellaneous . . . . .	333,830
Overhead expense . . . . .	571,410
Grand total estimated net increase in capital accounts...	<u>\$13, 823,225</u>

The record shows that about fifty (50) per cent of the estimated expenditures have been incurred.

I herewith submit the following form of order :-

#### ORDER

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue preferred stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant

and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income.

IT IS HEREBY ORDERED, as follows :-

1. Los Angeles Gas and Electric Corporation may issue 50,000 shares (\$5,000,000.00 par value) of its preferred stock and such additional amount of its preferred stock as may be subscribed for by applicant's stockholders pursuant to their right and privilege, under the law, to subscribe for the proportion of such stock as their stockholdings bear to the total subscribed and/or issued preferred stock. Los Angeles Gas and Electric Corporation may execute and deliver temporary receipts to the subscribers for its preferred stock, the issue of which is herein authorized, said receipts to be conditioned that in the event applicant is unable to deliver its permanent certificates of stock, it shall within a reasonable time refund to the subscribers for such stock the amount paid therefor together with interest thereon at a rate equivalent to \$6.00 per annum upon each \$90.00 paid in on such subscriptions.
2. Los Angeles Gas and Electric Corporation shall sell the preferred stock herein authorized to be issued at not less than \$90.00 per share. Of the proceeds realized from the sale of 50,000 shares of preferred stock Los Angeles Gas and Electric Corporation may pay to Bond & Goodwin & Tucker, Inc. the sum of not exceeding \$6.00 per share of stock sold by them for their services rendered in connection with the sale of such stock. All the remaining proceeds obtained from the sale of the preferr-

ed stock herein authorized to be issued shall be used to pay for the additions and extensions to the company's plants, properties and equipment set forth in its Exhibit "C" filed in this proceeding, or for such other purposes as may be authorized by the Commission in supplemental order or orders, provided that only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed by the Railroad Commission, shall be paid for through the use of proceeds realized from the sale of stock herein authorized to be issued.

3. Los Angeles Gas and Electric Corporation 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 Number 24, which order, in so far as applicable, is made a part of this order.
4. The authority herein granted will become effective upon the date hereof, but under such authority no stock may be issued, sold or delivered after November 1, 1924.

The foregoing Opinion and Order is hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 7<sup>th</sup> day of July, 1924.

C. Leary  
H. K. Brundage  
Irving Martin

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