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Decision No. 14508.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LOS ANGELES GAS AND ELECTRIC CORPORATION)
for an order authorizing the issuance)
and sale of 50,000 shares of its pre-)
ferred stock.)

Application Number 10765

Paul Overton, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application Los Angeles Gas and Electric Corporation asks permission to issue and sell, at not less than ninety per cent of par value, 50,000 shares of its six percent cumulative preferred stock of the aggregate par value of \$5,000,000.00. The company also asks permission to use a portion of the proceeds, not exceeding \$3.50 per share of stock sold, to pay expenses incident to the sale of the stock, and to use the remaining proceeds to finance in part the estimated cost of additions and betterments to its plants and systems during 1925.

Los Angeles Gas and Electric Corporation has an authorized capital stock of \$60,000,000.00, consisting of 600,000 shares of the par value of \$100. each and divided equally into common and six percent cumulative preferred stock. Of the common stock, \$12,500,000.00 was reported outstanding on December 31, 1924. Of the preferred, the Commission has heretofore authorized the issue

ness. At this time the company plans to finance the above expenditures as follows:-

From sale of Series "I" bonds heretofore authorized:		
Total \$6,000,000. at 93	\$5,580,000.00	
Used for 1924 plant additions, approximately	<u>3,380,000.00</u>	\$2,200,000.00
Estimated receipts during 1925 from sale of preferred stock, including that for which authorization is now being asked, say		3,250,000.00
From probable sale of remaining Series "I" bonds not yet authorized by Railroad Commission: Total	6,000,000.00	
Less amount reserved for sinking fund purposes	548,000.00	
Balance at 93	<u>5,452,000.00</u>	5,070,360.00
From surplus and depreciation reserve		<u>1,469,152.00</u>
Total.....		<u>\$11,989,512.00</u>

The first item of \$2,200,000.00 represents money on hand obtained from the sale of bonds authorized by Decision Number 14186, dated October 30, 1924, in Application Number 10539. In that decision the Commission authorized the company to issue and sell \$6,000,000.00 of Series "I" five and one half percent general and re-funding mortgage bonds at not less than 93 percent of their face value plus accrued interest, and to use approximately \$3,830,000.00 of the proceeds to pay in part the cost of its estimated 1924 construction expenditures, and approximately \$1,750,000.00 to pay in part construction expenditures incurred during 1925 on the new electric plant and appurtenances at Seal Beach. It is now reported that the \$6,000,000.00 of bonds authorized by Decision Number 14186 were sold at 93, a price yielding the company \$5,580,000.00, and that of this amount \$3,380,000.00 was expended on account of the 1924 construction expenditures, leaving a balance of proceeds of \$2,200,000.00 to be used during the present year. Inasmuch as the Commission's

order as it now reads permits the company to use only approximately \$1,750,000.00 of proceeds for the 1925 construction expenditures, it is necessary that such order be modified so as to permit the use of the remaining proceeds of \$2,200,000.00 for such purpose.

The Commission by decisions in Applications Numbers 6450; 6583; 7445; 7522; 8324; and 10205, heretofore has authorized the company to issue \$15,000,000.00 of preferred stock. Of this amount, as stated hereinabove, \$1,200,200.00 had been sold up to December 31, 1924, but had not yet been fully paid, and \$714,300.00 had not yet been sold. The item of \$3,250,000.00 of stock money to be used during 1925, represents the amount of cash it is estimated will be received during the year from the sale of the stock heretofore authorized and the \$5,000,000.00 of stock herein authorized. As the Commission's orders in the six previous stock applications do not permit the company to use proceeds from the sale of such stock on account of capital expenditures made subsequent to December 31, 1924, we are now asked to modify such orders so as to enable the company to proceed with the plan of financing outlined in this proceeding.

Although the company reports that during the year it proposes to issue and may sell at 93 an additional \$6,000,000.00 of bonds, a request for such authority has not yet been made of this Commission. Reference herein to this proposal is not to be construed as binding on the Commission to authorize the issue and sale of ^{such} bonds at the price now indicated when application to issue and sell the bonds is subsequently filed.

ORDER

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue and sell \$5,000,000. of its six percent. cumulative preferred 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 such issue and sale is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Los Angeles Gas and Electric Corporation be, and it is hereby, authorized to issue and sell on or before December 31, 1925 at not less than ninety percent of par value 50,000 shares of its six percent cumulative preferred stock of the aggregate par value of \$5,000,000.00 and to use of the proceeds a sum not exceeding \$3.50 per share of stock sold to pay expenses incident to the sale thereof and to use the remaining proceeds, and such portion of the \$3.50 not needed to pay expenses incident to the sale, to finance in part the cost of the additions and extensions to its plants and properties described in Exhibit "C" filed herein, provided that only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed by the Railroad Commission be paid through the use of such proceeds.

IT IS HEREBY FURTHER ORDERED that Los Angeles Gas and Electric Corporation be, and it is hereby, authorized to consolidate the proceeds to be received from the sale of the \$5,000,000.00 of stock herein authorized, with the proceeds heretofore received, or to be received, from the sale of stock sold pursuant to orders in Applications Nos. 6450; 6583; 7445; 7522; 8324; and 10205, which orders are hereby modified so as to permit the issue, sale and delivery of the stock authorized therein on or before December 31, 1925 and the use of the proceeds received or to be received to pay in part the cost of the additions and extensions to applicant's plants and properties described in Exhibit "C" filed herein, provided that such orders in other respects shall remain in full force and effect.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 14186, dated October 20, 1924, in Application Number 10539 be, and it is hereby, modified so as to permit Los Angeles Gas and Electric Corporation to use approximately \$2,200,000.00 of the proceeds received from the sale of the bonds authorized by said order to finance in part the cost of the additions and extensions to applicant's plants and properties described in Exhibit "C" filed herein; provided that in all other respects the order in Decision Number 14186 shall remain in full force and effect.

IT IS HEREBY FURTHER ORDERED that 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 No. 24, which order in so far as applicable, is made a part of this order; and shall also file with the Commission during 1925, monthly statements of its construction expenditures.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 30th day of January, 1925.

H. B. Brundage
C. C. Seaver
Egerton Shaw
George D. Squires
Emmuel C. ...
Commissioners.