

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 LOS ANGELES GAS AND ELECTRIC CORPO- )  
 RATION, for an order authorizing the )  
 issuance and sale of its Series "I" )  
 bonds in the amount of \$2,952,000. )  
 per value. )

Application No. 11134.

Paul Overton, for applicant.

BY THE COMMISSION:

O P I N I O N

The Railroad Commission is asked to make an order authorizing Los Angeles Gas and Electric Corporation to issue and sell at 95-1/2 percent of face value and accrued interest, \$2,952,000.00 of its Series "I" general and refunding mortgage gold bonds to be dated October 1, 1924, to be payable October 1, 1949, and to bear interest at 5-1/2 percent per annum.

The company in its Exhibit "D" estimates that during 1925 it will be called upon to expend for additions and extensions to plants, properties and equipment the net sum of \$11,989,512.00. This estimated expenditure is segregated by applicant as follows:-

Gas works, including two one million cu.ft.per hour each compressors and one 15 million cu.ft.holder, together with auxiliary equipment and buildings	\$1,340,605.00
Electric works:	
Alameda Street Station .....	\$175,860.00
Seal Beach Station . . . . .	<u>2,570,000.00</u>
	2,745,860.00
Gas distributing system . . . . .	3,438,610.00
Including 200 miles commercial mains	
34 miles pressure mains	
25,000 gas services	
40,000 gas meters	
35,000 gas regulators	
	<hr/>
Carried forward.....	<u>\$7,525,075.00</u>

Brought forward.....	\$7,525,075.00
Electric transmission line from Seal Beach Station, together with step-down substation	1,000,000.00
Electric distributing system, including new office, shop and garage building, together with substations, transformers, 20,000 electric services and 24,800 electric meters	2,757,769.00
Miscellaneous . . . . .	62,068.00
Overhead expense . . . . .	<u>644,600.00</u>
Grand total estimated net increase in capital accounts . . . . .	<u>\$11,989,512.00</u>

The company expects to finance its net capital expenditures during 1925 in the following manner:-

From sale of Series "I" bonds authorized by Decision No. 14186 dated Oct. 20, 1924:	
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 heretofore authorized . . . . .	5,150,000.00
From surplus and depreciation reserve . . . . .	1,820,352.00
From sale of an additional \$2,952,000.00 of Series "I" bonds at 95-1/2, for the authorization of which this application is made . . . . .	<u>2,819,160.00</u>
Total.....	<u>\$11,989,512.00</u>

It is of record that the company has heretofore expended the sum of \$4,635,474.87 (applicant's Exhibit "C"), which amount has heretofore not been used as the basis for the issue of bonds. This expenditure has been financed through the issue of stock or the investment of surplus earnings or moneys represented by the reserve for accrued depreciation. Applicant's controller, W. E. Houghton, is of the opinion that within the near future it will be necessary for the company to draw upon proceeds obtained from the sale of the bonds herein authorized, to finance construction expenditures incurred during the current year.

Applicant has entered into an arrangement with Bond & Goodwin & Tucker for the sale of the \$2,952,000.00 of bonds at 95-1/2 and accrued interest. In the event that the bonds are sold by the purchaser for more than 99 and accrued interest, the company will receive such additional amount as may represent the difference between the offering price and 99 and accrued interest.

#### ORDER

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue \$2,952,000.00 of its bonds, 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 by the issue of such bonds, is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted, as herein provided, therefore-

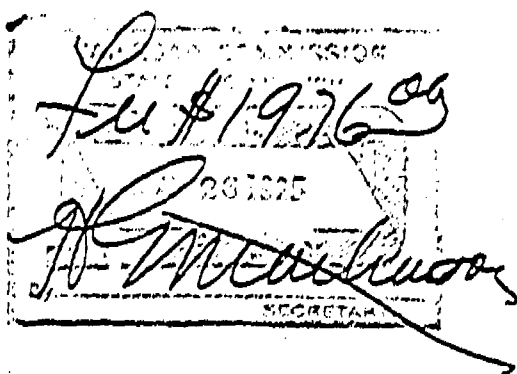
IT IS HEREBY ORDERED that the Los Angeles Gas and Electric Corporation be, and it is hereby, authorized to issue and sell on or before September 1, 1925, for cash, at not less than 95-1/2 percent of their face value and accrued interest, \$2,952,000.00 of its Series "I" general and refunding mortgage 5-1/2 percent gold bonds to be dated October 1, 1924 and to be payable October 1, 1949, and use the proceeds, other than accrued interest, obtained from the sale of such bonds, to reimburse its treasury because of income not obtained from the sale of bonds or stock expended for additions and extensions to plants, properties and equipment described in Exhibit "C", and to finance the cost of additions and extensions to plants, properties and equipment referred to in Exhibit "D", provided that only such expenditures referred to in said Exhibits "C" and "D" as are properly chargeable to fixed capital account, under the Uniform Sys-

tem of Accounts prescribed by the Railroad Commission, may be financed through the issue of the bonds herein authorized. The accrued interest may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that Los Angeles Gas and Electric Corporation shall keep such record of the issue, sale and delivery of the bonds 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.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,976.00.

DATED at San Francisco, California, this 26<sup>th</sup> day of May, 1925.



H. W. ...  
Charles ...  
Egerton Shaw  
George W. Squires  
Frank ...  
Commissioners.