

LEM

Decision No. 17951.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LOS ANGELES GAS AND ELECTRIC CORPORA-)
TION for an order authorizing the is-)
suanee and sale of \$10,000,000. par)
value of its first and general mort-)
gage gold bonds, series of 5's due)
1961.)

Application No. 13487

Paul Overton, for applicant.

BY THE COMMISSION:

O P I N I O N

Los Angeles Gas and Electric Corporation asks permis-
sion to issue and sell, at not less than 94-1/2 percent of face
value, plus accrued interest, \$10,000,000.00 of its first and
general mortgage gold bonds, series of 5's, due 1961, and to use
the proceeds from the sale of \$6,895,500.00 thereof to redeem and
retire, prior to maturity, \$6,895,500.00 of general and refunding
mortgage bonds now outstanding, and to use the proceeds from the
remaining \$3,104,500.00 to pay in part the cost of necessary addi-
tions and extensions to its plants and properties to be made during
1927.

In Exhibit "A" applicant reports its outstanding bonded
indebtedness, as of January 1, 1927, at \$45,177,500.00, consisting

of the following:-

General and refunding bonds:-

Series "B" 7's, due 1931	\$3,500,000.	
Series "C" 7's due 1931	1,500,000.	
Series "D" 6's due 1942	1,937,500.	
Series "E" 5.5's due 1947	4,999,500.	
Series "F" 5.5's due 1943	3,809,000.	
Series "G" 6's due 1942	4,000,000.	
Series "H" 6's due 1942	7,545,000.	
Series "I" 5.5's due 1949	10,847,500.	
		\$38,138,500.
First and refunding mortgage 5's due 1939		5,046,000.
Los Angeles Gas and Electric Company 5's due 1934		1,993,000.
		<hr/>
Total.....		<u>\$45,177,500.</u>

The bonds applicant now proposes to issue constitute the initial issue under a new mortgage or deed of trust, of the open-end type, known as the first and general mortgage, executed jointly by applicant and Los Angeles Lighting Company as of September 1, 1926. The amount of bonds authorized at this time by applicant's stockholders is \$150,000,000. These bonds may be issued in series from time to time as the Board of Directors may determine, each series to be dated as of such date, bear such rate of interest, mature at such time or times, bear such designation and contain such other specifications and provisions as are in the indenture provided or permitted and as the Board of Directors may from time to time determine. The instrument provides for the authentication forthwith by the trustee of \$15,000,000. of bonds and the use by applicant of \$6,895,500. for the purpose of redeeming, prior to maturity, a like amount of general and refunding mortgage bonds, and the balance, \$8,104,500.00, to pay for property. The execution of the mortgage or deed of trust was authorized by the Commission by Decision No. 17256, dated August 23, 1926.

The \$6,895,500. of general and refunding mortgage bonds which applicant proposes to retire and redeem, include the

\$3,500,000. of Series "B" seven percent bonds, the \$1,500,000. of Series "C" seven percent bonds and \$1,895,500. of the Series "I" five and one half percent bonds. The Series "B" and "C" bonds are callable at a premium of four and one half percent on June 1, 1926. ⁷ *MEM* The Series "I" bonds are callable at a premium of five percent on October first up to and including 1939 and at one half percent less on each October first thereafter. It appears, however, that it will not be necessary to call the \$1,895,500. of Series "I" bonds, for the reason that such bonds are held by Pacific Lighting Corporation, which corporation owns substantially all of applicant's outstanding common stock, and that company has agreed to surrender the bonds to applicant at the same price at which it acquired them, namely, at 95 percent of face value plus accrued interest.

Coming to the request to use the proceeds from the \$3,104,500. of the bonds herein applied for, it appears that applicant estimates its expenditures for 1927 for additions and extensions to its plants, properties and equipment at \$5,637,987. This sum is set forth in applicant's Exhibit No. 2 and includes the following:-

Gas works		\$332,665.00
Electric works:		
Seal Beach Station	\$58,471.00	
Alameda Street Station	<u>44,126.00</u>	102,597.00
Gas distribution system		2,045,600.00
Including 70 miles commercial mains		
71 miles of pressure and		
betterment mains		
18,000 gas services		
20,000 gas meters		
2,000 gas regulators		
Electric distribution system		2,467,714.00
Including pole line and conduit extensions,		
substations, transformers		
12,000 electric services and		
12,800 electric meters		
Changes account of natural gas service		175,000.00
Miscellaneous		<u>514,411.00</u>
		<u>\$5,637,987.00</u>

The order herein will authorize the use of bond proceeds to finance in part these expenditures, but it should be understood that such authority is not an approval at this time of all the estimated expenditures.

O R D E R

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue 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 through such issue, is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Los Angeles Gas and Electric Corporation be, and it hereby is, authorized to issue and sell on or before June 30, 1927 at not less than 94-1/2 percent of their face value and accrued interest, \$10,000,000.00 of its first and general mortgage gold bonds, series of 5's, due September 1, 1961, and to use the proceeds from the sale of \$6,895,500.00 of such bonds for the purpose of redeeming and retiring outstanding general and refunding mortgage bonds consisting of \$3,500,000.00 of Series "B" bonds, \$1,500,000. of Series "C" bonds and \$1,895,500. of Series "I" bonds, and to use the proceeds from the remaining \$3,104,500. of such bonds to finance in part the cost of additions and extensions to its plant and properties which are described in its Exhibit No. 2 filed in this proceeding.

The authority herein granted is subject to the following conditions:-

1. Only such expenditures as are properly chargeable to fixed capital accounts as defined in the Uniform Systems of Accounts prescribed or adopted by this Commission, shall be financed with the proceeds from the sale of the bonds herein authorized.

2. Applicant may amortize the remaining unamortized discount and expense on the Series "B" and the Series "C" bonds to be redeemed, and the premium which it may be necessary to pay, to redeem such bonds, on or before June 1, 1931.
3. Applicant 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 insofar as applicable, is made a part of this order.
4. The authority herein granted shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$2,052.50.

DATED at San Francisco, California, this 2nd day of February, 1927.

Emmert
H. B. Brundage
Chas. ...
Leon ...
Thos. & ...

Commissioners.

Fee \$2052 ⁵⁰/₁₀₀

RAILROAD COMMISSION
 STATE OF CALIFORNIA

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