

LEM

Decision No. 18283.

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 use for sinking fund purposes of ) Application No. 13654  
\$563,000. par value of its Series "J" )  
bonds. )

Paul Overton, for applicant.

ORIGINAL

BY THE COMMISSION:

OPINION AND ORDER

Los Angeles Gas and Electric Corporation asks the Railroad Commission to make an order authorizing it to issue \$563,000. of its Series "J" general and refunding mortgage five percent bonds dated May 1, 1927 and due May 1, 1950 and deliver the same to the Security Trust and Savings Bank, trustee under its trust indenture of March 1, 1921 for the purpose of depositing the same in the sinking fund created thereunder.

In support of its request the company alleges that between August 1, 1926 and December 31, 1926, it expended for permanent extensions and additions, as shown in Exhibit "A", the net sum of \$3,063,556.50, which has not been used as a basis for the issuance of bonds. It would use \$750,666.67 of such expenditures as the basis for the issue of the \$563,000. of bonds referred to herein, leaving a balance of \$2,312,889.83/<sup>of construction expenditures</sup> which may be subsequently used as a basis for the issue of additional bonds. In view of the large balance we do not feel that it is necessary to examine in detail the company's reported construction expenditures. It is of course understood that the granting of this application will not

preclude the Commission from questioning in subsequent proceedings any of the expenditures referred to in Exhibit "A".

Applicant's general and refunding mortgage dated March 1, 1921 requires it on May 1, 1922 and annually thereafter on the first day of May in each year as long as any of the bonds remain outstanding and unpaid, to pay to the Security Trust and Savings Bank, one of the trustees under such mortgage, as a sinking fund, a sum in cash equal to one and three fourths percent of the par value of the aggregate bonded indebtedness of the company outstanding on the 15th day of March of the year in which such payment shall become due, less the amount of cash paid and/or the aggregate par value of all bonds deposited in the sinking funds of the underlying mortgages during the immediately preceding twelve months. In lieu of cash, the company may deliver to the Security Trust and Savings Bank for sinking fund purposes at the par value thereof, bonds secured by the general and refunding mortgage. All bonds so delivered for sinking fund purposes shall be cancelled forthwith by the Security Trust and Savings Bank and delivered to the company.

It is of record that on March 15, 1927, \$42,007,500. of bonds issued under the general and refunding mortgage were outstanding. One and three fourths percent of such amount totals \$735,131.25. From this the company deducts, because of sinking fund payments made under underlying mortgages during the year ending March 14, 1927, \$172,000., leaving the net amount to be paid into the sinking fund under the general and refunding mortgage on May 1, 1927, the sum of \$563,131.25. It is the intention of the company to meet such payment by the delivery of the \$563,000. of bonds referred to in this application and by the payment of cash to the amount of \$131.25.

We believe the ratio of applicant's bonded indebtedness to its investment in its properties, its financial condition and the prices at which its general and refunding mortgage bonds are selling, warrants the Commission to grant applicant's request.

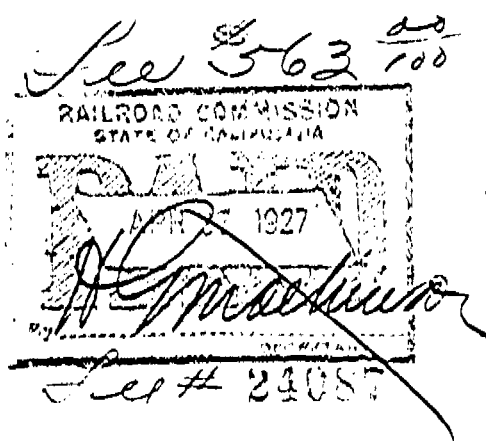
A public hearing was held in this matter before Examiner Fankhauser. The Commission is of the opinion that the money, property or labor to be procured or paid for through the issue of the \$563,000. of bonds is reasonably required for the purpose specified herein, and that the expenditure for such purpose is not, in whole or in part, reasonably chargeable to operating expense or to income; therefore,

IT IS HEREBY ORDERED that Los Angeles Gas and Electric Corporation be, and it hereby is, authorized to issue at not less than face value, \$563,000. of its Series "J" general and refunding mortgage bonds for the purpose of financing in part the cost of the additions and extensions set forth in Exhibit "A" and to deposit them in the sinking fund created under and pursuant to the trust indenture, dated March 1, 1921.

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

1. Applicant shall keep such record of the issue of the bonds herein authorized as will enable it to file on or before 30 days after such issue, 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.
2. 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 \$563.00.

DATED at San Francisco, California, this 27<sup>th</sup> day of April, 1927.



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Leon [Signature]  
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Commissioners.

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