

Decision No. 19667

ORIGINAL

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 issu-)
ance and use for sinking fund pur-)
poses of \$481,000.00 par value of)
its Series J bonds.)

Application No. 14539.

Paul Overton, for applicant.

BY THE COMMISSION:

OPINION

Los Angeles Gas and Electric Corporation asks the Railroad Commission to make an order authorizing it to issue \$481,000.00 of its Series "J" general and refunding mortgage five percent bonds dated May 1, 1927 and due May 1, 1950, and to deliver the same to Security Trust and Savings Bank, Trustee, under its trust indenture of March 1, 1921, for the purpose of depositing them in the sinking fund created thereunder. The company'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, so long as any of the bonds remain outstanding and unpaid, to pay to 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 quarters 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 fund of the underlying mortgages during the immediate preceding twelve months. In lieu of cash the company may deliver to the trustee 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 trustee and delivered to the company.

It is now reported (Exhibit I) that under and pursuant to the provisions of the general and refunding mortgage the company will be required on May 1, 1928 to pay to Security Trust and Savings Bank as trustee, as a sinking fund, the sum of \$481,265.00, or in lieu thereof, bonds secured by said indenture at their par value. Accordingly it desires to deposit with the trustee \$481,000.00 face value of its Series "J" bonds in lieu of an equal amount of cash and to pay to the trustee in addition in cash, the sum of \$265.00. It therefore makes this request for authority to issue the \$480,000.00 of bonds.

In support of this request, the company alleges that between August 1, 1926 and December 31, 1926, as shown in Exhibit "B", it expended for permanent extensions and additions the net sum of \$3,063,556.50 of which it has heretofore used \$750,666.67 as the basis for the issuance of \$563,000.00 of bonds heretofore authorized by the Commission in Decision No. 18283, dated April 27, 1927, leaving a balance not heretofore used as a basis for the issue of bonds of \$2,312,889.83, against which it now proposes to have the trustee under the general and refunding mortgage certify the additional \$481,000.00 of bonds. Applicant has filed a statement in which it reports that from August 1, 1926 to May 1, 1928, it has expended or will expend for additions and betterments \$10,944,057.57.

This includes an estimated expenditure of \$593,583.87 for April 1928. From the \$10,944,057.57 applicant deducts the proceeds realized from the sale of stocks and bonds, the issue of which the Commission has heretofore authorized and likewise the \$750,666.67 of expenditures used to have the \$563,000.00 of bonds mentioned above certified. After making such deductions applicant reports construction expenditures of \$2,376,725.72 not used as the basis of the issue of either stock or bonds. It is our opinion that the ratio of applicant's bonded indebtedness to its reported investment in its properties, its uncapitalized construction expenditures, its financial conditions and the prices at which its bonds are selling, warrants the granting of this request.

ORDER

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue \$481,000.00 of bonds, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for through such issue of bonds is reasonably required for the purpose specified herein, which purpose is 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 at not less than face value \$481,000.00 of its Series "J" general and refund-

ing mortgage bonds due May 1, 1950, for the purpose of financing in part the construction expenditures, referred to in the opinion which precedes this order, and to deposit such bonds in the sinking fund created under and pursuant to its 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 thirty (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 Four Hundred and Eighty-one (\$481.00) Dollars.

DATED at San Francisco, California, this 25th day of April, 1928.

Fee \$481 ⁰⁰/₁₀₀

RAILROAD COMMISSION
STATE OF CALIFORNIA

APR 25 1928

By *[Signature]*

File # 20348

Leon White

Chas. [unclear]

[unclear]

[unclear]

Commissioners.