

Decision No. 29003.

ORIGINAL

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)
issuance and use for sinking fund pur-)
poses of \$483,300.00 par value of its)
Series "J" bonds.)

Application No. 15521

Paul Overton, for applicant.

BY THE COMMISSION:

OPINION

Los Angeles Gas and Electric Corporation in this proceeding asks the Railroad Commission to enter its order authorizing applicant to issue \$483,300.00 face value of its Series "J" general and refunding mortgage five percent bonds, due May 1, 1950, and to deliver the same to the 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 under such trust indenture.

The company's said trust indenture, hereinafter sometimes referred to as the general and refunding mortgage, requires that the company, 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, 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 1-3/4 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.

Applicant reports that under and pursuant to the provisions of its general and refunding mortgage it will be required on May 1, 1929 to pay to the Security Trust and Savings Bank as trustee, the sum of \$482,670.00. It appears that there is now in the sinking fund \$613.42 in cash, which, added to the aforesaid payment of \$482,670.00 due on May 1, 1929, will make a total of \$483,283.42. In lieu of the cash balance in the fund and in lieu of the cash payment due on May 1, 1929 applicant desires to deposit with the trustee for the sinking fund, \$483,300.00 face value of its Series "J" bonds.

In support of its request to issue the \$483,300.00 of bonds, it reports in its Exhibit "C" that from August 1, 1926 to December 31, 1928 it expended for permanent extensions and additions to its properties \$13,649,051.51, which expenditure has heretofore not been used as a basis for the issue of bonds. This expenditure has been financed through the issue of stock by the creation of current liabilities and by the investment of earnings offset by the company's reserves and surplus. Under the provisions of the company's general and refunding mortgage the trustee is authorized to certify bonds in an amount equal to 75 percent of the cost of

permanent extensions and additions.

In view of the fact that the company's reported construction expenditures not heretofore used as a basis for the issue of bonds, are reported at \$13,649,051.51, and that the company asks permission to issue only \$483,300.00 of bonds, it does not appear to us that it is necessary to make a detailed examination of the company's construction expenditures. We believe that the company's request should be granted.

O R D E R

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue \$483,300.00 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 the issue of such bonds is reasonably required for the purpose specified herein, which purpose is 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 hereby is, authorized to issue at not less than their face value and accrued interest \$483,300.00 of its Series "J" general and refunding 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.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when applicant has paid the fee pre-

scribed by Section 57 of the Public Utilities Act, which fee is Four Hundred and Eighty-four (\$484.00) Dollars, and that applicant shall file with the Railroad Commission a report, as required by the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 22nd day of April, 1929.

Thos. D. Loring

Chas. J. ...

Emilio ...

Leon ...

M. J. ...

Commissioners.

Fee # 484.⁰⁰/₁₀₀
RAILROAD COMMISSION
STATE OF CALIFORNIA
A. Matthews
SECRETARY
Fee # 484