

ORIGINAL

Decision No. 24686.

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 \$480,000.00 par value of its)
Series "J" bonds.)

Application No. 18058

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 \$480,000.00 par value of its Series "J" general and
refunding mortgage bonds and to deliver the same to Security-First
National Bank of Los Angeles, as trustee under its trust indenture
dated March 1, 1921.

It is of record that under the provisions of a subse-
quent trust indenture, dated September 1, 1926, securing the pay-
ment of an issue of first and general mortgage bonds, applicant is
entitled to issue and have authenticated from time to time
\$9,500,000.00 of general and refunding mortgage bonds, secured by
the indenture of March 1, 1921 for the purpose of making deposits
in the sinking fund created under the indenture of March 1, 1921 in
lieu of cash. Heretofore \$2,488,900.00 of said \$9,500,000.00 of
bonds have been so deposited.

It now is reported that on May 1, 1932 applicant will
be required to pay to the trustee under the indenture of March 1,

1921 the sum of \$479,942.68 or in lieu thereof, bonds secured by the indenture. It therefore makes this request to issue \$480,000. of bonds.

In support of its request the company reports that from August 1, 1926 to December 31, 1931 it has expended for permanent extensions and additions the sum of \$13,645,724.51 not heretofore used as a basis for the issuance of securities and it proposes to use \$840,000.00 of that amount in its request for authentication of the \$480,000.00 of bonds.

In connection with applicant's reported charges to its fixed capital accounts, it appears from its 1930 annual report that during that year it purported to adjust without the approval of the Commission its overhead charges applying to expenditures for prior years. We are informed, however, by Mr. W. E. Houghton, applicant's vice-president and treasurer, in his letter of April 2, 1932, that no part of such purported adjustment of overheads for prior years is included in the capital expenditures submitted in this application. We are further informed that the expenditures for 1931 now reported include \$66,766.36 representing amounts covered by Account 399-"Donations in aid of construction", and \$698,261.93 representing gross overheads, the latter amount being subject to credits for overheads in connection with plant removals during 1931.

Because of the wide margin between the reported expenditures and the proposed bond issue, we will grant applicant's request. We do not by this action, however, approve the attempted adjustment of overheads made in 1930 nor the amount included in 1931 for overhead allowances. Further, we do not believe that the \$66,766.36 item representing donations in aid of construction is a proper item

to be used as a basis for an order authorizing the issue of bonds.

O R D E R

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue bonds, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, 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 expense or to income,

IT IS HEREBY ORDERED, that Los Angeles Gas and Electric Corporation be, and it hereby is, authorized to issue on or before May 31, 1932, at not less than their face value \$480,000.00 of Series "J" general and refunding mortgage five percent bonds for the purpose of financing in part the construction expenditures referred to in the preceding opinion, save and except the 1931 overhead allowances and the amounts representing donations in aid of construction, and to deposit such bonds in the sinking fund created under and pursuant to its trust indenture of March 1, 1921.

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

1. Applicant shall file within thirty(30) days after the issue of the bonds herein authorized 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 to issue bonds 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(\$480.00) Dollars.

DATED at San Francisco, California, this 11th day of April, 1932.

C. A. Jones
W. J. Carr

M. B. Harris
Geo. G. Stewart

Commissioners.

Fee \$ 480 ⁰⁰/₁₀₀

RAILROAD COMMISSION
STATE OF CALIFORNIA

APR 13 1932

[Signature]
SECRETARY

Fee # 29573