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Decision No. 10118.

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

In the Matter of the Application of
WESTERN STATES GAS AND ELECTRIC COMPANY
for an order authorizing it to increase
its bonded indebtedness by the sum of
\$100,000,000, to provide security for
the same, to issue and sell bonds of
said indebtedness, when authorized, of
the par value of \$5,000,000, to sell
interim certificates of \$5,000,000 par
value pending the authorization of the
definitive bonds, and to sell and convey
certain property;

ORIGINAL

and

Application
Number
7551.

In the Matter of the Application of
EL DORADO POWER COMPANY
for an Order authorizing it to issue
stock, to execute a mortgage for the
purpose of securing the above mentioned
Western States Gas and Electric Company
bonded indebtedness, and to execute a
lease of all its properties to the Western
States Gas and Electric Company.

Chickering & Gregory, by Allen L. Chickering, for
applicants.

BENEDICT, Commissioner.

O P I N I O N

Applicants ask the Railroad Commission to make an order
authorizing the performance of the following acts:-

- 1.--The transfer of the Sierra Water Supply and Hydro Electric
Development properties by Western States Gas and
Electric Company to El Dorado Power Company;
- 2.--The execution of mortgages by El Dorado Power Company and
Western States Gas and Electric Company to secure
the payment of an authorized issue of \$100,000,000.
of bonds;

- 3.--The issue of all the authorized stock (at present \$100,000.) of El Dorado Power Company to Western States Gas and Electric Company.
- 4.--The issue and sale at 88-1/2 and accrued interest of \$5,000,000. of 6 per cent. 25-year bonds by El Dorado Power Company and Western States Gas and Electric Company, or a like amount of interim certificates.
- 5.--The lease of the new power plant to Western States Gas and Electric Company.

The Commission, by Decision No. 9642, dated October 26, 1921, in Application No. 6876, declared that public convenience and necessity required the construction by Western States Gas and Electric Company and El Dorado Power Company of additional reservoirs, water conduits and power plants, and the enlargement of the existing plant of Western States Gas and Electric Company, all substantially in accordance with the plans filed in Application No. 6876.

In connection with Application No. 6876, applicants filed a copy of the estimated cost of their new hydroelectric plant. The testimony in this proceeding shows that a revised estimate of the cost has been made and that such estimate is less than that filed in the former proceeding. Applicants have agreed to file a copy of their revised estimate.

Applicants were not able at the hearing to present completely their case. A number of important instruments are in process of preparation, among others, the proposed mortgages, a description of the properties to be transferred by Western States Gas and Electric Company to El Dorado Power Company, and a copy of the lease of the new hydroelectric plant to Western States Gas and Electric Company. Not until these instruments and other matters requested are filed can the Commission make a final order in this proceeding. Counsel for applicants realizes this and stated that he did not expect the Commission to make a final order at this time.

The Commission will make a preliminary order authorizing

the issue and sale of \$5,000,000.00 of 6 per cent 25-year bonds, or a like amount of interim certificates pending the issuance of the bonds as provided in this order.

The order will provide that none of the bonds may be issued until the Commission has authorized the execution of mortgages securing the payment of the bonds.

All proceeds realized from the sale of interim certificates must be deposited with a trustee or trustees and returned to the purchasers of the interim certificates in the event that the definitive bonds are not issued. If the definitive bonds are issued, the proceeds obtained from their sale or the sale of interim certificates may be expended only for such purposes as the Commission will hereafter authorize.

The order herein is of a preliminary character only and in no way commits the Commission to approve applicant's financial plan or authorize the performance of any other acts. These matters will be further considered by the Commission in an appropriate order or orders made in this proceeding.

I herewith submit the following form of Order.

O R D E R

EL DORADO POWER COMPANY and WESTERN STATES GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for permission to execute mortgages, transfer and lease properties, issue stock and bonds, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of \$5,000,000.00 of bonds is reasonably required by applicants and that the Commission should make this preliminary order;

IT IS HEREBY ORDERED, that WESTERN STATES GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to issue and sell, for cash,

on or before September 1, 1922, at not less than 88-1/2 per cent. of their face value and accrued interest, \$5,000,000.00 of 25-year 6 per cent. bonds, or interim certificates of a like amount provided that all moneys obtained from the sale of the interim certificates be deposited with a trustee or trustees subject to the condition that if the definitive bonds are not issued, the moneys shall be returned to the purchasers of interim certificates. No bonds may be issued until the execution of the mortgages has been authorized.

The proceeds realized from the issue and sale of the bonds herein authorized shall be expended only for such purposes as the Railroad Commission may authorize by supplemental order or orders.

The authority herein granted is subject to further conditions as follows:-

1.--Applicants shall keep such record of the issue and sale of the bonds herein authorized, and of the disposition of the proceeds as will enable them 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 in so far as applicable is made a part of this order.

2.--The authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$3,000.00.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 21st day of February, 1922.



[Handwritten signatures]

Commissioners.