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Decision No. 10362.

ORIGINAL

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; and 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.	Application No. 7551.

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER.

On February 21, 1922, the Railroad Commission by Decision No. 10118 in the above entitled matter authorized WESTERN STATES GAS AND ELECTRIC COMPANY to issue and sell, subject to the conditions of said decision, $5,000,000.00 of bonds.

The Commission is now asked to make a further order in this proceeding authorizing El Dorado Power Company to issue $99,500.00 par value of common stock in exchange for the properties and rights described in Exhibits A-1, A-2 and A-3 attached to the supplemental petition; authorizing Western States Gas and Electric Company to accept said capital stock in exchange for the properties and rights; to transfer to El Dorado Power Company the properties described in said Exhibits A-1,

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A-2 and A-3; to assign and transfer to El Dorado Power Company a water contract with the El Dorado Water Company, and thereafter authorizing El Dorado Power Company to reassign the contract to Western States Gas and Electric Company. Applicants also ask authority to execute a lease substantially in the same form as the lease filed in this proceeding and marked Exhibit "B".

In brief, Western States Gas and Electric Company proposes to transfer to El Dorado Power Company the properties which it acquired from the Placerville Gold Mining Company under a deed dated April 23, 1916; a license obtained from the Federal Power Commission and a permit granted by the Division of Water Rights, Department of Public Works of the State of California. El Dorado Power Company intends to use the properties and rights in the construction of hydroelectric plants which will be leased to Western States Gas and Electric Company for a nominal rental. In this connection, it should be said that all of the outstanding stock of the El Dorado Power Company, except shares necessary to qualify directors, will be owned by the Western States Gas and Electric Company.

Under date of May 31, 1919, Western States Gas and Electric Company agreed to sell water to El Dorado Water Company. This contract is to be assigned to the El Dorado Power Company and thereafter reassigned to the Western States Gas and Electric Company. Financial reasons make the transfer of the properties and rights advisable. Through the execution of a deed of trust by the El Dorado Power Company and the execution of a similar instrument by the Western States Gas and Electric Company, the bonds issued by the latter company will be a first lien on the properties of El Dorado Power Company and a second lien on the properties of the Western States Gas and Electric Company.

The Commission has considered applicants' requests contained in the supplemental petition filed in the above entitled matter and is of the opinion that such requests should be granted,

THEREFORE, IT IS HEREBY ORDERED as follows:

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1.--El Dorado Power Company may issue and sell to Western States Gas and Electric Company on or before October 1, 1922, $99,500.00 par value of its common capital stock in exchange for the properties and rights described in Exhibits A-1, A-2 and A-3 attached to the supplemental petition filed in this proceeding on April 18, 1922.

2.--Western States Gas and Electric Company may accept said capital stock in exchange for said properties and rights.

3.--Western States Gas and Electric Company may sell and transfer to the El Dorado Power Company the properties and rights described in said Exhibits A-1, A-2 and A-3.

4.--Western States Gas and Electric Company may assign and transfer to El Dorado Power Company and thereafter El Dorado Power Company may reassign to Western States Gas and Electric Company that certain water contract entered into on May 31, 1919 between Western States Gas and Electric Company and El Dorado Water Company, to which contract reference is made in the supplemental petition.

5.--El Dorado Power Company and Western States Gas and Electric Company may enter into an agreement of lease in substantially the same form as the lease attached to the supplemental petition filed in this proceeding on April 18, 1922 and marked Exhibit "B".

6.--El Dorado Power Company shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it 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.

DATED at San Francisco, California, this 25th day April, 1922.

Irving Martin

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H. D. Benedict

Commissioners.