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Decision No. 11563.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
WESTERN STATES GAS AND ELECTRIC COMPANY, )  
a corporation, for authority to create )  
a note indebtedness in the sum of )  
\$20,000,000. and sell and dispose of )  
such notes in the face value of \$5,000,000.)

Application Number 8331.

ORIGINAL

BY THE COMMISSION:

SECOND SUPPLEMENTAL ORDER.

WESTERN STATES GAS AND ELECTRIC COMPANY, in its second supplemental petition filed in the above entitled matter, asks permission to use \$355,762.00 of the proceeds obtained from the sale of the notes authorized by Decision Number 11123, dated October 18, 1922, as amended, to refund sinking fund payments and to finance construction expenditures made prior to November 30, 1922.

In Decision Number 11123 the Commission authorized Western States Gas and Electric Company to issue and sell for cash at not less than ninety one and one half percent. of face value and accrued interest \$5,000,000. of Series "A" six percent. notes due November 1, 1937 or interim certificates of like amount. The order of the Commission permitted the company to use such amount of the proceeds as might be found necessary to pay or refund the \$1,199,000. of six and one half percent. collateral trust notes due August 1, 1923 and the \$2,668,000. of six percent. notes due February 1, 1927, but provided that the remainder of the proceeds be deposited with a bank or banks or with a trust company or companies and expended only for such purposes as the Commission might authorize.

Applicant now reports that during the months of October and November, 1922, it expended for construction purposes the sum of \$115,558.76, as shown in some detail in Exhibit No. 2 attached to the supplemental petition. It appears that a portion of these expenditures has already been paid or provided for through the issue of stock or bonds but that there remains a balance of uncapitalized construction expenditures, on November 30, 1922 of \$97,081.87. The company asks that it be authorized to use \$97,000. received from the sale of its notes to finance, in part, these reported expenditures.

Applicant reports that since December 1, 1919 it has paid into its various sinking funds the sum of \$808,123.75, which has been used to retire \$956,000. of bonds.

The Commission has heretofore authorized applicant to issue \$440,400. of seven percent. preferred stock to refund sinking fund payments. Deducting the \$440,400. from the \$956,000. leaves \$515,600. of bonds which have not been refunded. Applicant asks permission to use the proceeds from \$282,800. of six percent. notes to refund its sinking fund payments. We believe that the amount of proceeds from the notes used for such purpose should be determined by assuming an interest rate of seven percent. rather than six percent. Applicant may use the proceeds from \$242,457. of the notes to refund sinking fund payments.

The Commission has given consideration to applicant's request and believes it should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED that WESTERN STATES GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to withdraw \$318,848. of the proceeds obtained from the sale of the Series "A" six percent. notes authorized by Decision Number 11123, dated October 18, 1922, as amended and to use \$97,000. of such proceeds to finance in part con-

struction expenditures made prior to November 30, 1922, and \$221,848. (proceeds from \$242,457. of notes) to reimburse its treasury because of surplus earnings used to make sinking fund payments since December 1, 1919, or to pay current indebtedness incurred in making such sinking fund payments.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 11123, dated October 18, 1922, as amended, shall remain in full force and effect, except as modified by this Second Supplemental Order.

DATED at San Francisco, California, this 25th day of January, 1923.

C. L. Seaver

H. P. Brundage

Dwight Martin

J. T. Whitney

Commissioners.