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Decision No. 6117.

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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ORIGINAL

In the Matter of the Application of
WESTERN STATES GAS AND ELECTRIC COMPANY,
a corporation, for an order authorizing
the issue of bonds of the face value of
\$450,000.

Application No. 4312.

Chickering & Gregory, by Evan Williams, for applicant.

DEVLEN, Commissioner.

O P I N I O N.

WESTERN STATES GAS AND ELECTRIC COMPANY asks authority to issue, at not less than 82½ plus accrued interest, \$450,000 of its first and refunding mortgage 5 per cent bonds due June 1, 1941.

Under its deed of trust, applicant may issue bonds in an amount not exceeding in the aggregate 75 per cent of the reasonable cost to the company of any new or additional properties purchased or acquired, or of any permanent extensions, additions, improvements or betterments made to any of its plants or properties after June 1, 1911; provided, however, that no bonds shall be certified or delivered until or unless the earnings of the company from the operation of its plants and properties and from income on any securities owned by the company for a period of twelve consecutive months, ending not more than sixty days prior to the date of the respective applications for certification of bonds, after deducting from such earnings all operating expenses, including taxes, insurance premiums and customary expenses for current repairs and current maintenance ordinarily chargeable to operating expenses, shall have been in each case equal to at least twice

the interest charges on all the bonds then outstanding and all bonds whose certification and delivery is applied for.

In exhibits attached to the petition herein, applicant reports:

Expenditures from July 1, 1911 to Nov. 30, 1918,....	<u>\$4,040,615.95</u>
Amount of bonds which trustee may certify because of said expenditures,.....	3,030,461.96
Less bonds actually certified and issued,.....	<u>2,896,000.00</u>
Balance of bonds which trustee may certify because of expenditures incurred to November 30, 1918,.....	\$ 134,461.96

In Exhibit "8", attached to the petition, applicant estimates that for the thirteen months ending December 31, 1919, it will have to expend, on capital account, the sum of \$491,515.

Applicant asks authority to issue \$450,000 of bonds. The proceeds obtained from the sale of the bonds, applicant intends to use to finance construction expenditures incurred or to be incurred. To the extent that applicant has issued short term notes or incurred open account indebtedness for the purpose of paying expenditures on capital account, it may be permitted to use the proceeds from the sale of bonds to pay such short term notes or open account indebtedness.

Applicant reports that as to the bonds in excess of \$134,461.96, plus 75 per cent of such additional amount as it may have expended on capital account at the time it presents its request for delivery of bonds to the trustee, it will be obliged to deposit with the trustee cash against the sale of such bonds, subject to withdrawing such deposit against 75 per cent of the amount of its construction expenditures to be made in the future when and as the same have been actually made. The order herein will provide that the proceeds from the sale of the bonds less the proceeds from the

sale of such an amount of bonds as applicant may issue under its deed of trust at the time it requests the certification of the bonds, shall be deposited with the trustee and withdrawn from time to time as capital expenditures have been incurred.

In Exhibit No. "3", applicant reports its assets and liabilities as of November 30, 1918, as follows:

ASSETS:

Fixed Capital,.....	\$11,918,473.75
Cash,.....	119,826.77
Notes,.....	818.69
Accounts Receivable,.....	166,960.78
Securities of Other Corporations,.....	6,065.00
Other Investments,.....	250.00
Treasury Securities,.....	149,600.00
Materials and Supplies,.....	133,628.06
Sinking Funds,.....	239,069.18
Prepaid Insurance,.....	2,130.14
Unamortized Discount on Securities & Expenses	671,597.24
Bonds deposited as Collateral,.....	959,000.00
Other Suspense,.....	25,069.26
Motors Leased,.....	1,172.30
Signs Leased,.....	10,657.13
<u>TOTAL ASSETS,</u>	<u>\$14,402,318.30</u>

LIABILITIES:

Capital Stock:	
Common,.....	\$3,231,500
Preferred,.....	2,303,000
Capital Stock -subscribed,.....	\$ 5,534,500.00
14,900.00	
Funded Debt:	
Western States Gas & Electric Co.	
bonds -5's,.....	\$5,313,500
American River Electric	
Co. bonds -5's,.....	480,000
Western States Gas & Electric	
Co. 10-year Notes-6's,.....	1,564,000
Western States Gas & Electric	
Co. 5-year Notes -6's,.....	690,000
Notes,.....	8,047,500.00
Accounts Payable,.....	165,000.00
Interest Accrued,.....	102,036.88
Taxes Accrued,.....	55,807.37
Preferred Dividends Accrued,.....	59,892.20
Consumers Deposits,.....	25,195.91
Unclaimed Checks,.....	18,146.02
Reserve for Accrued Depreciation,.....	830.44
Surplus,.....	329,363.20
<u>TOTAL LIABILITIES,</u>	<u>\$14,402,318.30</u>

Applicant alleges, and has submitted a statement showing, that its earnings for the past year have been sufficient to authorize the trustee to certify and deliver \$450,000 of bonds.

I herewith submit the following form of Order.

O R D E R

WESTERN STATES GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for authority to issue 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 such issue is reasonably required for the purpose or purposes specified in the order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that WESTERN STATES GAS AND ELECTRIC COMPANY be, and it is hereby, granted authority to issue \$450,000.00 of its first and refunding mortgage 5 per cent gold bonds due June 1, 1941, subject to the following conditions:

- (1).-- The bonds herein authorized shall be sold by applicant, for cash, at not less than 82½ per cent of their face value plus accrued interest.
- (2).-- The bonds shall be issued for the purpose of financing in part the construction expenditures referred to in exhibits attached to this petition and incurred prior to November 30, 1918, or for the purpose of financing in part the construction expenditures subsequent to November 30, 1918 and referred to in Exhibit No. "8", attached to the petition herein.
- (3).-- The proceeds obtained from the sale of the bonds, which the trustee is not authorized to deliver without requiring the deposit of cash against such bonds, shall be deposited with the trustee and withdrawn by the company from time to time as it proceeds with its construction program, provided that before making a request upon the trustee for the withdrawal of any cash

deposited, it file with the Commission a detailed statement of its construction expenditures, which it will use as a basis for the withdrawal of cash deposited with the trustee.

(4).--- Western States Gas and Electric Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued, and on or before the twenty-fifth day of each month, the company shall make verified reports to the Commission stating the sale or sales of said bonds, the terms and conditions of the sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

(5).--- The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

(6).--- The authority herein granted shall apply only to such bonds as may have been issued on or before December 31, 1919.

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 13th day of February, 1919.

Railroad Commission State of California
Joseph H. ...
FEB 15 1919
H. P. ...
BY *H. P. ...*
Assistant Secretary.

Edwin O. Edgerton
W. P. ...
Frank ...
H. P. ...
Irving ...
COMMISSIONERS.