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ORIGINAL

Decision No. 849A.

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 an order authorizing)
the issue of bonds of the face value of)
\$264,000.00.)

Application No. 6386.

Chickering & Gregory, by Allen E. Chickering, for
applicant.

LOVELAND, Commissioner.

O P I N I O N.

WESTERN STATES GAS AND ELECTRIC COMPANY asks permission to issue \$264,000.00 face value of its First and Refunding Mortgage 5% Sinking Fund Gold Bonds due June 1, 1941.

As of October 31, 1920, applicant reports \$3,231,500.00 of common and \$2,603,100.00 of preferred stock outstanding. Its funded debt, in the hands of the public, is reported at \$6,996,500.00 and consists of \$245,000.00 of American River Electric Company 5 per cent bonds due July 1, 1933; \$4,197,500.00 of Western States Gas and Electric Company 5 per cent bonds due June 1, 1941; \$990,000.00 of Western States Gas and Electric Company 6½ per cent notes due August 1, 1923, and \$1,564,000.00 of Western States Gas and Electric Company 6 per cent notes due February 1, 1927. In addition, the company reports \$1,398,000.00 of its bonds outstanding as collateral to secure the payment of the \$990,000.00 of 6½ per cent notes.

Applicant reports in this application and in exhibits

attached to the petition, that up to October 31, 1920, it has expended for plant extensions, additions and betterments the sum of \$353,620.20, which expenditures remain uncapitalized. On account of these expenditures, applicant asks permission to issue \$264,000.00 of its first and refunding 5 per cent bonds. The proceeds applicant intends to use to reimburse its treasury and pay indebtedness.

Mr. Samuel Kahn, vice president and general manager of Western State Gas and Electric Company, testified that on account of prevailing market conditions, the company could sell its bonds at approximately 77 per cent plus accrued interest. Generally speaking, I do not look with favor upon selling bonds at so large a discount. In this particular instance, it appears from the record that the company does not intend to sell any additional bonds at so low a price and that it is giving consideration to the execution of a new mortgage under which it can issue and sell bonds at a higher price.

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 permission to issue \$264,000.00 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of said bonds is reasonably required for the purpose or purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses, or to income;

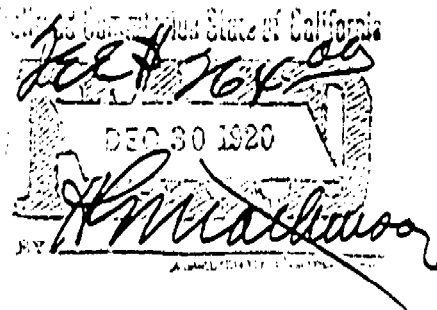
IT IS HEREBY ORDERED, that WESTERN STATES GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to issue and sell at not less than 77 per cent of their face value plus accrued interest, on or before April 1, 1921, \$264,000.00 of its first and refunding mortgage 5 per cent sinking fund gold bonds due June 1, 1941.

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

- 1.--The proceeds obtained from the sale of the bonds herein authorized to be issued and sold shall be used by applicant to reimburse in part its treasury because of expenditures for plant extensions, additions and betterments installed prior to October 31, 1920 and to pay indebtedness incurred for said purposes.
- 2.--Western States Gas and Electric Company shall keep such record of the issue and sale of the bonds 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.
- 3.--The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

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 30th day of December, 1920.



H. D. ...
G. R. ...
H. B. ...
W. M. ...
Commissioners.