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Decision No. 8576.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	:	
LOS ANGELES GAS AND ELECTRIC CORPORATION	:	
for an order authorizing the issuance	:	<u>Application No. 6450</u>
and sale of preferred capital stock in	:	
the amount of \$1,000,000.00 par value.	:	

Paul Overton for applicant.

LOVELAND, Commissioner.

O P I N I O N.

LOS ANGELES GAS AND ELECTRIC CORPORATION asks permission to issue and sell at not less than \$85.00 per share 10,000 shares (\$1,000,000.00) of its 6 per cent preferred stock.

Applicant has an authorized stock issue of \$30,000,000.00 divided into \$10,000,000.00 of preferred and \$20,000,000.00 of common. None of the preferred stock has been issued. Of the common stock \$10,000,000.00 is outstanding. Applicant's articles of incorporation provide that the holders of the preferred stock shall receive when and as declared out of the surplus profits arising from the business of the corporation a cumulative dividend at the rate of not exceeding 6 per cent per annum upon the par value of the stock, which dividend shall run from the respective dates of the original issue of the preferred stock, and shall be paid, or set apart, before any dividend shall be set apart or paid on the common stock. In the event of any dissolution or winding up, in any manner, of the corporation, the holders of

the preferred capital stock shall be entitled to be paid, -first, out of the surplus profits arising from the business of the corporation, the amount of unpaid cumulative dividends, if any; and -second, out of any assets of the corporation the full par value of the stock. After such payments to the holders of the preferred capital stock, all of the remaining assets shall be divided and paid equally to the holders of the common capital stock in proportion to the number of shares held by each.

In Exhibit "B", attached to the petition, . appli-
cant reports that during 1921 it will be called upon to expend for additions and extensions to plants, properties and equipment the sum of \$5,183,470.00. The estimated expenditures are summarized as follows:

Gas Works,.....	\$2,132,105
Electric Works,.....	577,900
Gas Distributing System,.....	1,632,775
Electric Distributing System,	356,625
Miscellaneous,.....	484,065
Total,.....	<u>\$5,183,470</u>

C.A. Luckenbach, third vice-president of Los Angeles Gas and Electric Corporation, testified that while the management had not approved all of the proposed expenditures set forth in Exhibit "B", he felt certain that the company during 1921 will have to expend for the purposes indicated approximately \$5,183,470. This expenditure, he testified, is made necessary as a result of the growth of the City of Los Angeles and the territory served; by the fact that the natural gas supply available to the company is inadequate to meet the demands, and the necessity for building up a reserve capacity, both gas and electric, to meet peak conditions.

Applicant at this time asks permission to issue and sell \$1,000,000.00 of its 6 per cent preferred stock. It intends at a later date to file an application or applications to issue additional stock as it proceeds with its construction work. It is the intention of applicant to offer the stock to its employees and to the public at \$85.00 per share and to sell such stock either

for cash or on installment plans, as set forth in its Exhibit One.

I herewith submit the following form of Order:

O R D E R.

LOS ANGELES GAS AND ELECTRIC CORPORATION having applied to the Railroad Commission for permission to issue \$1,000,000.00 of its 6 per cent cumulative preferred stock, 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 such issue is reasonably required for the purpose or purposes specified in this 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 LOS ANGELES GAS AND ELECTRIC CORPORATION be, and it is hereby, authorized to issue 10,000 shares (\$1,000,000.00) of its 6 per cent cumulative preferred stock.

The authority herein granted is subject to the following conditions:

- 1.--The stock herein authorized to be issued shall be sold, for cash, at not less than \$85.00 per share and the proceeds used to pay in part for additions and extensions to plants, properties and equipment referred to Exhibit "B", attached to the petition in this application.
- 2.--Los Angeles Gas and Electric Corporation 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.

3.--The authority herein granted will apply only to such stock as may be issued on or before December 31, 1921.

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 5th day of January, 1921.

H. D. Howard
Frank Helm
H. T. A. ...

Commissioners.