

PE

Decision No. 8894

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) Application No. 6714
the issue of its Five Year 6 $\frac{1}{2}$ % Notes)
of the par value of \$209,000.)

Chickering & Gregory, by Allen L.
Chickering, for Applicant.

LOVELAND, Commissioner.

O P I N I O N

Western States Gas & Electric Company asks permission to issue and sell, at not less than 92.75 per cent of their face value plus accrued interest, \$209,000 of its 6 $\frac{1}{2}$ % collateral trust gold notes due August 1, 1925, and to deposit \$325,000 of its first and refunding bonds, due June 1, 1941, as security, in part for the \$209,000 of notes and other notes issued pursuant to authority granted in Decision No. 5528, dated July 1, 1918, and Decision No. 7857, dated July 10, 1920. The company further asks permission to use the proceeds from the sale of notes to reimburse its treasury, in part, because of moneys expended to pay for additions and betterments, prior to February 28, 1921, which expenditures applicant reports have not been capitalized by the issue of stocks, bonds or notes.

The \$209,000 of notes are part of an authorized issue

of \$1,500,000 of Five Year 6½ per cent notes dated August 1, 1918, the payment of which is secured by a collateral trust agreement authorized to be executed by the Railroad Commission in Decision No. 5528 (Vol. 15, Opinions and Orders of the Railroad Commission of California, page 904). The collateral trust agreement provides that applicant deposit as collateral with Union Trust Company of San Francisco, trustee, a sufficient amount of its first and refunding mortgage bonds as will enable the collateral trust notes to be certified as legal investments for savings banks of California, under the terms of the Bank Act. Pursuant to authority heretofore granted, the company has issued \$990,000 of collateral trust notes and has secured their payment by the deposit of \$1,598,000 of bonds. Permission is now requested to issue \$209,000 of additional notes, and to secure the payment of such notes, and those heretofore issued, by the deposit of \$326,000 of additional bonds. If the notes and bonds herein authorized are issued, applicant will have outstanding \$1,199,000 of notes secured by deposit of \$1,724,000 of bonds.

By Decision No. 8494, dated December 30, 1920, the Railroad Commission authorized applicant to issue and sell, \$264,000 of first and refunding mortgage bonds. Applicant reports that it has issued and sold \$156,500 of bonds, leaving \$107,500 unissued. The company now asks to use the \$107,500 of bonds as security in part for its collateral trust notes. The \$107,500 of bonds are included in the \$326,000 of bonds referred to hereinabove.

The Company reports that from November 30, 1916 to February 28, 1921, it expended for additions and betterments, \$2,683,002.31 and that it has paid \$2,248,192.51 through the sale of stock, bonds, notes and temporary investment of its reserve for accrued depreciation, leaving an amount of \$434,809.80 against which no securities have been issued. The testimony shows that applicant intends to use the proceeds from the sale of notes herein

requested to reimburse its treasury in part and to pay its current indebtedness, which, in Exhibits "1" and "2" is reported to consist of open account indebtedness due Standard Gas and Electric Company, and \$307,500 of notes payable.

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 bonds and notes, 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 bonds and notes herein authorized is reasonably required for the purposes specified in this order, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense 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 92.75 per cent of face value plus accrued interest, \$209,000 of its 6½ per cent collateral trust gold notes, due August 1, 1923; and to issue and deposit as collateral \$218,500 of its first and refunding mortgage bonds due June 1, 1941.

IT IS HEREBY FURTHER ORDERED, That Western States Gas and Electric Company be and it is hereby authorized to deposit as collateral \$107,500 of the first and refunding bonds authorized to be issued by Decision No. 8494, dated December 30, 1920.

The authority herein granted is upon the following conditions:

1. The \$326,000 of first and refunding mortgage bonds shall be deposited with the trustee under applicant's five year 6½ per cent collateral trust mortgage, as security for the payment of the \$209,000 of notes herein authorized and

those notes heretofore authorized to be issued in Decision No. 5528 and Decision No. 7857.

2. Upon the payment of the collateral trust notes, or any portion thereof, all the \$326,000 of bonds or a proper proportion thereof, shall be returned to applicant's treasury and thereafter not disposed of in any manner whatsoever, except as authorized by the Commission.
3. The proceeds from the \$209,000 of notes herein authorized to be issued shall be used by applicant to reimburse its treasury and to pay in part its current indebtedness reported in Exhibits "1" and "2" attached to the petition.
4. Western States Gas and Electric Company shall keep such record of the issue, sale and deposit of the bonds and notes 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.
5. The authority herein granted will 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 notes and bonds as may be issued, sold and deposited on or before November 30, 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 26th day of April, 1921.

Jan 20 1921
R. Anderson

Frank D. ...
H. H. Loveland
H. H. ...
Dwight ...

Commissioners.