

Decision No. 9339.

**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 the issue of )  
preferred stock of the par value of )  
\$111,000.00. )

Application No. 7009.

-----

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

LOVELAND, Commissioner.

O P I N I O N.

WESTERN STATES GAS AND ELECTRIC COMPANY asks permission to issue and sell \$111,000.00 of its 7 per cent. cumulative preferred stock to reimburse its treasury or liquidate indebtedness incurred by it by making payments into its sinking fund. The company intends to sell the stock at par but asks permission to use, for the sale thereof, not exceeding 10 per cent. of the proceeds.

Applicant reports that since December 1, 1919, it has paid \$344,400.00 into the sinking fund of its first and refunding mortgage bonds and \$62,250.00 into the sinking fund of the American River Electric Company bonds and that the money so paid to the various trustees has been used to retire \$511,000.00 of bonds. In asking permission to issue stock to refund, in part, these sinking fund payments, applicant emphasizes the fact that the sinking fund provision of its first and refunding mortgage is extremely burdensome, requiring the company to pay the trustee, on the first day of June and December of each year an amount equivalent to 1-3/4 per

dent. of the first and refunding mortgage bonds certified and issued, including bonds pledged as collateral and bonds redeemed.

As of May 31, 1921, applicant reported \$7,189,500.00 of first and refunding bonds issued, consisting of \$1,724,000.00 pledged as collateral, \$4,006,500.00 actually outstanding in the hands of the public and \$1,242,000.00 redeemed, and \$17,000 in the treasury of the company.

The Commission heretofore, by Decision No. 7276, dated March 17, 1920, and by Decision No. 8791, dated March 28, 1921, has authorized applicant to issue stock to refund part of its sinking fund payments.

I believe the application should be granted, it being understood, however, that the granting of such permission in no way commits the Commission to a policy of granting, in the future, permission of a similar nature either to applicant or to any other utility.

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 stock, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required for the purpose specified in this order and that the expenditures for such purpose 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 par \$111,000.00 of its 7 per cent. cumulative preferred stock and to use the proceeds to reimburse its treasury because of surplus earnings used to meet sinking fund payments or to pay indebtedness incurred in making such sinking fund payments.

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

- 1.--Applicant may use in the sale of the stock herein authorized, not exceeding 10 per cent. of the proceeds.
- 2.--The authority herein granted to issue stock shall apply only to such stock as may be issued, sold and delivered on or before December 31, 1921.
- 3.--Western States Gas and Electric Company 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.

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 9<sup>th</sup> day of August, 1921.

H. P. Underwood  
H. D. Lovelock  
J. W. Martin  
J. A. Medina  
COMMISSIONERS