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ORIGINAL

Decision No. 9368.

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)
its 10-year 6 per cent. notes of the)
par value of \$600,000.00.)

Application No. 7079.

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 at not less than 83-1/2 per cent. of their face value and accrued interest \$600,000.00 of 6 per cent. notes due February 1, 1927, and use the proceeds to pay current indebtedness.

The testimony shows that applicant up to June 30, 1921, has expended \$556,439.64 for additions and betterments, against which the Commission has not authorized the issue of stock, bonds or notes. Applicant's exhibits "4", "5" and "6" filed in this proceeding contain a summary of its construction expenditures. To carry forward its construction work, applicant has found it necessary from time to time to issue notes and to secure credit on open account. Its note and open account indebtedness as of June 30, 1921, are reported at \$837,318.85. It is to liquidate part of this indebtedness that applicant asks permission to issue and sell \$600,000.00 of notes. Its earnings have been more than

sufficient to pay operating expenses, fixed charges and meet its dividend payments.

The notes which applicant asks permission to issue are part of an authorized created indebtedness of \$5,000,000.00 dated February 1, 1917. They mature February 1, 1927. In the agreement securing the payment of the notes, applicant covenants that it will not place an additional mortgage or other encumbrances upon its property, real, personal or mixed, unless and until it shall by mortgage or deed of trust secure the carrying out of the agreement and the payment of the principal and interest of the notes issued thereunder, equally and ratably with the bonds or notes or other obligations secured by such additional mortgage or deed of trust. This covenant is the only security for the payment of the notes, other than, of course, the promise of the company to pay such notes.

Applicant reports \$3,231,500.00 of common and \$2,906,000.00 of 7 per cent. cumulative preferred stock outstanding on June 30, 1921. Its funded indebtedness in the hands of the public as of the same date is reported at \$7,182,000.00 and consists of \$213,000. of American River Electric Company 5 per cent. bonds due 1933; \$4,206,000. of Western States Gas and Electric Company 5 per cent bonds due 1941; \$1,199,000.00 of Western States Gas and Electric Company 6-1/2 per cent. gold notes due August 1, 1923 and \$1,564,000. of Western States Gas and Electric Company 6 per cent. notes due February 1, 1927. In addition to the funded debt in the hands of the public, the company has issued and deposited \$1,724,000.00 of Western States Gas and Electric Company 5 per cent. bonds to secure the payment of the \$1,199,000.00 of 6-1/2 per cent. gold notes.

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 \$600,000.00 of 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 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 WESTERN STATES GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to issue and sell, for cash, at not less than 83-1/2 per cent. of their face value and accrued interest \$600,000.00 of 6 per cent. notes due February 1, 1927, for the purpose of financing construction expenditures incurred on or before June 30, 1921, and through such financing use the proceeds obtained from the sale of the notes to pay part of the current indebtedness reported in the company's Exhibit "2" filed in this proceeding.

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

- 1.--The authority herein granted to issue notes will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.
- 2.--Western States Gas and Electric Company shall keep such record of the issue and sale of the 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.

3.--The authority herein granted will apply only to such notes as may be issued sold and delivered on or before December 1, 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 16th day of August, 1921.

State of California
J. C. Co. Co.
AUG 26 1921
J. M. Matthea

H. B. Brundage
A. Howard
J. M. Matthea
Chas. H. Rowan
J. T. Ames
Commissioners.