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ORIGINAL

Decision No. 9745

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
WESTERN STATES GAS AND ELECTRIC COM-)
PANY for an order authorizing the is-) Application Number 7311.
sue of bonds of the par value of)
\$200,000.00.)

Chickering and 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 80 percent. of their face value plus accrued interest, \$200,000.00 of its first and refunding mortgage 5 percent. sinking fund gold bonds, due June 1, 1941.

As of September 30, 1921 applicant reports \$3,231,500. of common stock and \$3,017,000. of preferred stock outstanding. As of the same date, its funded debt outstanding in the hands of the public is reported as \$7,782,500. consisting of \$4,206,500.00 of applicant's first and refunding mortgage bonds, \$213,000.00 of American River Electric Company's 5 percent. bonds due July 1, 1933; \$1,199,000.00 of applicant's 5-year 6½ percent, gold notes due August 1, 1923, and \$2,164,000.00 of 10-year 6 percent. notes due February 1, 1927. In addition, applicant reports that it has pledged \$1,724,000.00 of its first and refunding mortgage bonds as collateral to secure the payment of the \$1,199,000.00 of 5-year notes.

The company alleges that at this time it is entitled, under the terms of its first and refunding mortgage, to issue bonds in the amount of \$200,601.74 on account of capital expenditures made up to September 30, 1921. By the terms of the first and refunding mortgage, applicant is permitted to have additional bonds certified to the extent of seventy-five per cent. of the cost of betterments, additions and improvements to its plant, system and equipment subsequent to June 1, 1911. Applicant reports in Exhibit "6" that since June 1, 1911, and prior to September 30, 1921, it has expended for such purposes the sum of \$5,922,802.32, seventy-five percent. of which is \$4,442,101.74. The petition shows that against this amount applicant has issued \$4,241,500.00 of first and refunding bonds, leaving a balance against which no bonds have been certified, of \$200,601.74.

Applicant intends to issue and sell \$200,000.00 of bonds and to use the proceeds to finance in part uncapitalized construction expenditures made prior to September 30, 1921, and through such financing, pay outstanding indebtedness, which, as of September 30, 1921, is reported as \$341,769.95. Samuel Kahn, applicant's vice-president and general manager, testified that he believed the bonds could be sold at not less than eighty percent. of their face value, plus accrued interest.

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 and sell 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 such issue 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;

THEREFORE, IT IS HEREBY ORDERED, that WESTERN STATES GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to issue and sell \$200,000.00 of its first and refunding mortgage sinking fund 5 percent. gold bonds due June 1, 1941, and to use the proceeds to finance in part construction expenditures made prior to September 30, 1921, and through such financing pay outstanding current indebtedness referred to in this application.

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

1. ---The bonds herein authorized shall be sold on or before April 1, 1922 at not less than 80 percent. of their face value net, plus accrued interest.
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 by Section 57 of the Public Utilities Act, which fee is \$200.00.

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 10th day of November, 1921.

WESTERN STATES GAS AND ELECTRIC COMPANY
\$200,000.00
NOV 10 1921
J. M. Anderson
BY see

H. B. Anderson
H. J. ...
Wm. ...
...
Commissioners.