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Decision No. 9977.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of)
LOS ANGELES GAS AND ELECTRIC CORPORATION)
for an order authorizing the issuance)
and sale of its preferred capital stock,)
in the amount of \$2,000,000.00 par value.)

Application No. 7445

Paul Overton for Applicant.

BENEDICT, Commissioner.

O P I N I O N

In the above entitled application LOS ANGELES GAS AND ELECTRIC CORPORATION asks permission to issue and sell at not less than \$85.00 per share 20,000 shares (\$2,000,000.00) of its 6 per cent. cumulative preferred stock and to use the proceeds to pay in part the cost of additions and extensions to its plants, properties and equipment set forth in Exhibit "B" filed in this proceeding.

Los Angeles Gas and Electric Corporation has an authorized stock issue of \$30,000,000.00 divided into \$10,000,000.00 of 6 per cent. cumulative preferred and \$20,000,000.00 of common. As of December 1, 1921, applicant reports \$1,038,400.00 of its preferred and \$10,000,000.00 of its common, making a total of \$11,038,400.00 of stock outstanding. The outstanding preferred stock has been issued under the authority granted by the Commission in Decision No. 8516, dated January 5, 1921, and Decision No. 8694, dated March 3, 1921. In the former decision, the Commission authorized applicant to issue and sell \$1,000,000.00 of its 6 per cent. cumulative preferred stock, and in the latter decision, \$2,000,000.00 of such stock. The tes-

timony in this proceeding shows that as of January 6, 1922, applicant had sold \$2,751,700.00 of the \$3,000,000.00 of stock.

In Exhibit "B" attached to the petition in this proceeding, applicant reports that it will be called upon to expend \$7,835,410.00 during 1922 for additions and extensions to its plants, properties and equipment. The estimated expenditures are summarized as follows:-

Gas Works,	\$2,965,000.00
Electric Works,	1,465,050.00
Gas Distributing system	2,387,010.00
Electric Distributing system,	570,560.00
Miscellaneous,	<u>445,790.00</u>
Total,	\$7,835,410.00

Some of the reported expenditures have, according to the testimony of C.A. Luckenbach, applicant's third vice-president, not been finally and definitely approved by applicant's officers. He is of the opinion however that applicant's construction expenditures during 1922 will exceed \$7,835,410.00. He testified that applicant's contracted liabilities were in excess of the \$2,000,000.00 of stock applied for in this application.

Applicant asks permission to sell the stock at not less than \$85.00 per share. It asks authority to expend not exceeding \$3.00 per share for payment of commissions and expenses incidental to the sale of the stock and use the remainder to pay in part the cost of the additions and extensions to its plants, properties and equipment list in Exhibit "B".

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 \$2,000,000.00 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 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 20,000 shares (\$2,000,000.00 par value) 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 by applicant, for cash, at not less than \$85.00 per share. Of the proceeds, applicant may use an amount not exceeding the equivalent of three dollars per share to pay commission and expenses incidental to the sale of the stock. The remainder of the proceeds shall be used by applicant to pay in part for the additions and extensions to its plants, properties and equipment set forth in Exhibit "B" filed in this proceeding.

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, sold and delivered on or before December 31, 1922.

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 9th day of January, 1922.

H. B. Brundage
Charles W. House
H. D. Howard
Irvine Martin
J. J. Mendish
Commissioners.