

Decision No. 28270

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
LOS ANGELES GAS AND ELECTRIC CORPORATION)
for an order authorizing the amortization)
on a five year basis of \$754,357.71 of)
redemption premium together with unamor-)
rized discount and expense, on \$8,952,000)
of its Series "I" bonds called for re-)
demption on October 1, 1935.)

Application No. 20096

Neil G. Locke, for applicant.

BY THE COMMISSION:

OPINION AND ORDER

Los Angeles Gas and Electric Corporation in the above entitled matter reports that it has called for redemption on October 1, 1935, at a premium of five per cent., the entire \$8,952,000. of its outstanding Series "I" general and refunding mortgage 5-1/2 per cent. gold bonds. It reports further that the redemption premium to be paid upon such bonds will be \$447,600. and the discount and expense remaining unamortized at October 1, 1935, will be \$306,757.71, the two items making a total of \$754,357.71.

The uniform systems of accounts prescribed by the Commission for electrical and gas companies provide that upon the redemption of a bond issue the balances of the unamortized discount and expense and the premiums paid are chargeable to profit and loss upon redemption. However, the company asks that instead of writing off the \$754,357.71 immediately upon the redemption of said bonds it be

permitted to amortize the sum over a period of five years.

We have reviewed the company's request and believe that if it be considered purely as a matter of accounting convenience it may be granted. Such a permissive order by the Commission relating to the manner in which accounting entries may be made should not be taken as depriving the Commission of the power to withdraw its permit at any time or as binding it to the acceptance of such accounting entries if involved in other proceedings.

IT IS HEREBY ORDERED that Decision No. 11353, dated December 13, 1922, and Decision No. 12691, dated October 13, 1923 be, and they hereby are, modified so as to permit Los Angeles Gas and Electric Corporation, unless and until otherwise directed, to charge to Account 131-Unamortized debt discount and expense- the \$754,357.71 referred to herein and to amortize it over a period of five years commencing July 1, 1935.

DATED at San Francisco, California, this 12th day of August, 1935.

Leon C. ...

W. J. ...

W. H. ...

Commissioners.