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Decision No. 13034.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
SOUTHERN CALIFORNIA GAS COMPANY )  
for an order authorizing the issuance ) Application Number 9661.  
and the sale of preferred stock. )

A. E. Peat, for Applicant.

BRUNDIGE, Commissioner:

O P I N I O N

In this application, Southern California Gas Company asks permission to issue and sell at not less than \$90. per share, 10,000 shares of its six percent. cumulative preferred stock, of the aggregate par value of \$1,000,000. for the purpose of reimbursing its treasury on account of earnings invested in additions and betterments.

Southern California Gas Company has an authorized capital stock of \$10,000,000. divided into \$4,000,000. of six percent. preferred stock and \$6,000,000. of common stock. As of November 30, 1923 it reports all of the common and \$1,388,800. of the preferred stock outstanding. In addition, it reports \$480,000. of the preferred stock as subscribed but not yet issued. The company's funded debt on the same date is reported at \$11,828,000. consisting of \$4,463,000. of first mortgage bonds and \$7,365,000. of first and refunding mortgage bonds. The company reports its gross revenues for the twelve months ending November 30th at \$7,214,496.84, and its operating expenses, including taxes and depreciation, at \$5,500,628.36, leaving a balance of \$1,716,868.48. After paying interest and other charges of \$673,110.78 it reports a net surplus for the twelve months

period of \$1,043,757.70.

Applicant reports that since March 18, 1919 it has expended for extensions, additions and betterments to its plants and properties, the sum of \$11,114,117.64, against which it has issued \$8,465,000. of bonds, leaving a balance of \$2,649,117.64. Of this amount it appears that \$921,271. has been paid with money obtained from the sale of stock, leaving a balance of expenditures of \$1,727,846.64, for which applicant's treasury has not been reimbursed by the issuance of securities. It is for the purpose of permanently financing a portion of these expenditures and through such capitalization, obtain funds to pay the cost of constructing additional extensions, additions and betterments that applicant now asks permission to issue an additional \$1,000,000. of stock.

The company asks permission to sell its stock at not less than \$90. per share and to use of the proceeds an amount equivalent to not exceeding \$3.50 per share to pay expenses incurred in connection with the sale of such stock. It appears that the remaining proceeds, after reimbursing applicant's treasury, will be used for the purpose of meeting in part the cost of capital expenditures to be made during the current year, which cost, in Exhibit "B", is estimated at \$3,200,700.

I believe the application should be granted and herewith submit the following form of order:-

ORDER

SOUTHERN CALIFORNIA GAS COMPANY having applied to the Railroad Commission for permission to issue and sell \$1,000,000. of 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 through the issue and sale of such stock is reasonably re-

quired by applicant, and that this application should be granted as herein provided.

IT IS HEREBY ORDERED that Southern California Gas Company be, and it is hereby, authorized to issue and sell at not less than \$90. per share, 10,000 shares of its six percent. cumulative preferred stock of the aggregate par value of \$1,000,000.

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

1. Of the proceeds realized from the sale of the stock, an amount equivalent to not more than \$3.50 per share of stock sold may be expended by applicant in payment of commissions and expenses incurred in connection with the sale of such stock.
2. The remainder of the proceeds obtained from the sale of the stock and such portion of the \$3.50 referred to in Condition 1 of this order as may not be needed to pay commissions and expenses for selling the stock, shall be used by applicant to reimburse its treasury and to finance the cost of the extensions, additions and betterments described in this application and referred to in the foregoing opinion.
3. Southern California Gas Company shall keep such record of the issue, sale and delivery 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.

4. The authority herein granted to issue stock will become effective upon the date hereof but will expire on December 31, 1924.

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 11<sup>th</sup> day of January, 1924.

C. Seaver  
H. B. Brundage  
Dwight Martin  
Egerton Shore

Commissioners.