

LRA

Decision No. 18974

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN COUNTIES GAS COMPANY)
OF CALIFORNIA)
for authority to issue and sell one)
million five hundred thousand)
dollars (\$1,500,000.00) par value)
of its common capital stock.)

ORIGINAL

Application No. 13361.

LaRoy M. Edwards, for applicant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

In a supplemental petition filed in the above entitled matter on October 3, 1927, Southern Counties Gas Company of California asks the Railroad Commission to make an order authorizing it to use \$750,000.00 obtained from the sale of the common stock authorized to be issued by Decision No. 18064, dated March 14, 1927, for the purpose of reimbursing its treasury on account of earnings expended for capital purposes.

By Decision No. 18064 the Commission authorized the company to issue and sell for cash at not less than par \$1,500,000.00 of its common capital stock and to use \$750,000.00 of the proceeds to reimburse its treasury on account of earnings expended for the acquisition and construction of properties prior to November 30, 1926. The remaining \$750,000.00 of proceeds, according to the order, may be used only for such purposes as the Commission might authorize in supplemental order or orders.

In Exhibit "B" supplemented by Exhibits One and Two, applicant reports constructive expenditures of \$3,032,863.68 against which according to the testimony no bonds and only a nominal amount of stock has been issued. The \$3,032,863.68 has been financed through the investment of reserves (\$2,286,659.73) and surplus (\$2,550,437.90). Applicant asks permission to use \$750,000.00 obtained from the sale of stock to reimburse its treasury because of earnings used to pay for said expenditures.

This request, we believe, can be granted without giving any consideration to applicant's Exhibits Three, Five or Six. We have made no determination of the correctness of the amounts available for security issues as reported in said exhibits.

The authority herein granted should not be construed as an approval of applicant's reported expenditures (Exhibit B) in excess of \$750,000.00, except as such expenditures may have been heretofore approved, nor should it, on the other hand, be construed as limiting, to \$750,000.00, the amount of securities which applicant may properly issue against its past expenditures.

FIRST SUPPLEMENTAL ORDER

Supplemental petition having been made to the Railroad Commission by Southern Counties Gas Company of California for an order authorizing the use of proceeds obtained from the sale of stock heretofore authorized to be issued, a further hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the expenditures of such proceeds are reasonably required for the purposes herein specified and are not in whole or in part reasonably chargeable to operating expense or to

income,

IT IS HEREBY ORDERED that the order in Decision No. 18064, dated March 14, 1927, be, and it hereby is, modified so as to permit Southern Counties Gas Company of California to use the remaining \$750,000.00 of the proceeds obtained from the sale of the common stock authorized by said decision to be issued, to reimburse its treasury and to finance in part the expenditures, referred to in the foregoing supplemental opinion, made prior to July 31, 1927, provided that only such expenditures as are chargeable to fixed capital accounts under the uniform system of accounts prescribed by the Commission be so financed.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 18064, dated March 14, 1927, shall remain in full force and effect, except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 25th
day of October, 1927.

Emmott C. Cook
Ed. Seaver
Leon White
Thos. J. Conroy
M. J. Conroy
Commissioners.