

LEM

Decision No. 19390.

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 exchange for its outstanding )  
seven percent preferred stock and/or )  
sell \$2,500,000.00 par value of its )  
six percent preferred stock. )

Application No. 14405

LeRoy M. Edwards, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Southern Counties Gas Company of California asks the Railroad Commission to make an order authorizing it to issue and exchange and/or sell, upon the bases and for the purpose hereinafter set forth, \$2,500,000.00 par value of its six percent preferred stock.

The application shows that Southern Counties Gas Company of California has an authorized capital stock of \$25,000,000.00, divided into 250,000 shares of the par value of \$100.00 each, and consisting of \$12,500,000.00 of common stock, \$7,500,000.00 of six percent cumulative preferred stock, redeemable at \$105. a share, and \$5,000,000.00 of seven percent cumulative preferred stock, redeemable at \$107.50 a share. It appears that at present \$3,000,000.00 of the common stock and \$2,500,000.00 of the seven percent preferred stock is outstanding; no six percent preferred stock has ever been issued.

ORIGINAL

It is now reported that applicant's board of directors at a meeting held December 21, 1927 approved a resolution whereby it was elected to redeem the outstanding \$2,500,000.00 of seven percent preferred stock on April 1, 1928 at the price of \$107.50 a share, in cash, plus the accrued dividends. It appears, however, that as an alternative to the cash payment for the seven percent stock the company proposes to make the following additional offers to the present preferred stockholders, to-wit;

Plan A: To issue to such of the holders of its Seven Percent Preferred Stock as desire to make such exchange, one share of its Six Percent. Preferred Capital Stock, plus \$7.50 in cash, for each share of its Seven Per Cent. Preferred Capital Stock so exchanged; or,

Plan B: It will issue to such holders of its Seven Per Cent. Preferred Stock as desire to make such exchange, its Six Per Cent. Preferred Capital Stock on the basis of one hundred dollars(\$100.00) per share, in exchange for its Seven Per Cent. Preferred Capital Stock on the basis of one hundred and seven dollars and fifty cents (\$107.50) per share. No fractional shares will be issued, but any stockholder exchanging his stock on this last basis (Plan-B) will receive the cash equivalent or any fractional interest to which he may become entitled on the basis of one hundred dollars(\$100.00) per share for an entire share of Six Per Cent. Preferred Stock.

Applicant accordingly asks permission to exchange its new six percent preferred stock upon the bases indicated and to sell such stock not required for the purposes of exchange at a price to yield it not less than par for the purpose of redeeming and paying the seven percent preferred stock.

#### O R D E R

Southern Counties Gas Company of California having applied to the Railroad Commission for permission to issue \$2,500,000. of its six percent cumulative preferred stock, and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the money, property or labor to

be procured or paid for by such issue of stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Southern Counties Gas Company of California be, and it hereby is, authorized to issue \$2,500,000.00 of its six percent preferred stock and deliver such stock, or a portion thereof, in exchange, to such holders of the \$2,500,000.00 of seven percent preferred stock now outstanding as may desire to make the exchange, upon the bases set forth in the foregoing opinion, and/or sell such six percent preferred stock at not less than the par value thereof and use the proceeds to redeem the outstanding seven percent preferred stock, provided that the entire \$2,500,000.00 of seven percent preferred stock now outstanding be redeemed.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue, sale and/or exchange 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, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective ten days after the date hereof.

DATED at San Francisco, California, this 20<sup>th</sup> day of February, 1928.

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*C. Seaver*  
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*E. J. ...*  
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*Thos. ...*  
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*W. J. ...*  
Commissioners.