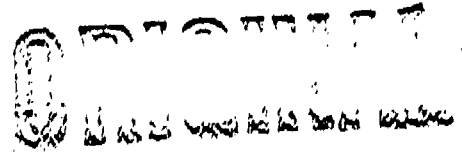


LEM

Decision No. 22557.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
C. A. PATTON, NELLIE PATTON and R.J.)
MITCHELL and of PACIFIC GAS AND ELEC-)
TRIC COMPANY, a corporation, for an)
order of the Railroad Commission of)
the State of California authorizing)
the former to sell and the latter to)
purchase and acquire upon the terms)
and conditions in this application)
set forth all of the authorized and)
issued shares of capital stock of)
Fowler Gas Company.)



Application No. 16609

C. P. Cutten, for applicants.

BY THE COMMISSION:

O P I N I O N

In this proceeding Pacific Gas and Electric Com-
pany asks authority to acquire and hold 8,000 shares of the capital
stock of Fowler Gas Company, to which reference will be made here-
after, and to perform all acts necessary to consummate the agreement
dated May 17, 1930, which is filed in this proceeding as Exhibit "B".

The Fowler Gas Company is a corporation duly or-
ganized and existing under and by virtue of the laws of the State of
California. It is a public utility engaged in the business of
generating, manufacturing, distributing and selling artificial gas
for light, heat and other lawful purposes in Fowler, Fresno County,
California.

As of April 30, 1930, the company reports its assets and liabilities as follows:-

<u>A S S E T S</u>	
Fixed capital	\$23,038.86
Cash	3,798.15
Accounts receivable	837.27
Materials and supplies	1,209.00
Total assets.....	<u>\$28,883.28</u>
<u>L I A B I L I T I E S</u>	
Common capital stock	\$ 8,000.00
Premium on capital stock	11,400.00
Accounts payable	188.93
Accrued taxes payable	136.69
Reserve for depreciation	5,557.99
Surplus	3,569.67
Total liabilities....	<u>\$28,883.28</u>

For the twelve months ending April 30, 1930, Fowler Gas Company reports operating revenues of \$5,428.63. Its operating expenses, including taxes and depreciation, are reported at \$4,546.26, leaving net operating revenue of \$882.37. Its miscellaneous interest income is reported at \$107.82, which, added to the net operating revenue, makes a total net income of \$990.19. The company in its 1929 annual report shows that during 1929 it had 94 consumers.

It appears from Exhibit "B" that C. A. Patton, Nellie Patton and R. J. Mitchell are the owners of all of the outstanding capital stock of Fowler Gas Company and that they have agreed to sell said stock, consisting of 8,000 shares, to Pacific Gas and Electric Company for the consideration of \$1.56-1/4 per share, or for a total consideration of \$12,500.00.

The sellers represent that Fowler Gas Company has no outstanding debts or obligations of any kind except those that appear on its books and that they will not during the life of the agreement, permit said Fowler Gas Company to dispose of any of its properties

otherwise than in the usual and ordinary course of its business, or to convert any of its capital assets into cash or to declare or pay any dividend upon its capital stock save and except \$3,500.00 which is now on deposit with the Bank of America of California, Fowler Branch.

This application does not involve the transfer of any properties of Fowler Gas Company, nor does it contain any request to change any of the rates which are now being charged by said Fowler Gas Company. It is of record, however, that Pacific Gas and Electric company can, by constructing an extension to its transmission system, make available to Fowler Gas Company and to its consumers and to the residents and inhabitants of, and the industries situated, in the City of Fowler and the territory immediately adjacent thereto, natural gas in lieu of the artificial gas now being furnished and supplied by said Fowler Gas Company.

Inasmuch as this application does not involve the transfer of any properties of Fowler Gas Company, there is no necessity to determine at this time the amount which Pacific Gas and Electric Company may charge to fixed capital accounts in the event it acquires said properties.

ORDER

Pacific Gas and Electric Company having asked permission to acquire the outstanding stock of Fowler Gas Company and to consummate the agreement dated May 17, 1930, filed in this proceeding as Exhibit "B", the Commission having considered the request of applicants and being of the opinion that this is not a matter on which

a public hearing is necessary and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company may acquire, on or before September 1, 1930, and hold, 8,000 shares of capital stock of Fowler Gas Company and may consummate the agreement dated May 17, 1930, filed in this proceeding as Exhibit "B", provided that the consideration paid for said stock shall not be construed as determining the value or the cost of the properties of Fowler Gas Company, either for the purpose of accounting, fixing rates or issuing securities.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective ten (10) days after the date hereof and that Pacific Gas and Electric Company shall, thirty (30) days after acquiring the aforesaid stock of Fowler Gas Company, file with the Commission a statement showing the amount paid for said stock.

DATED at San Francisco, California, this 21st day of June, 1930.

CC Seaver

Leon A. Kelly
Paul B. Smith

Commissioners.