

Decision No. 16402.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
WEST COAST GAS AND FUEL COMPANY,)	
a corporation, for a permit to issue)	
and sell certain shares of its capi-)	Application No. 16402
tal stock for the purpose of acquiring)	
certain public franchises and permits.)	

Edward Schary, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this application, as explained at the hearing had on April 25, 1930, West Coast Gas and Fuel Company, a corporation, asks the Commission to authorize it to issue and sell ten shares of its common capital stock for the purpose of qualifying its directors and to sell additional shares of stock, netting it \$15,000.00, for the purpose of financing the cost of acquiring certain municipal franchises.

The application shows that West Coast Gas and Fuel Company is a corporation organized under the laws of the State of California on or about December 5, 1929. It has an authorized capital stock of 25,000 shares, all without nominal or par value, of which shares 5,000 represent preferred stock, 10,000 common "A" stock and 10,000 common "B" stock. A description of the different classes of stock and a statement of the relative rights of the holders thereof and of the terms of preferences between the various classes of stock are set forth in the Articles of Incorporation filed in Application No. 16338 as Exhibit "A".

The Articles now provide that the preferred stock may be issued in series bearing such rate of dividend and being redeemable at such price, not less than \$100.00 a share nor more than \$105.00 a share, as the Board of Directors may determine. The holders thereof are entitled to cumulative dividends before any dividends are paid on the outstanding common stocks. Upon any dissolution, liquidation or winding up of the corporation, voluntary or involuntary, the holders of the preferred stock will be entitled to receive for their stock \$100.00 a share, plus accrued dividends, before any distribution is made to the holders of the common stocks.

The common "A" stock is issuable in series bearing such rate of dividend and being redeemable at such prices, not less than \$50.00 a share nor more than \$60.00 a share, as the Board of Directors may determine. The holders thereof are entitled to receive cumulative dividends before any dividends are paid to the holders of the common "B" stock. In the event of dissolution, liquidation or winding up of the corporation, the holders of the common "A" stock will be entitled to receive for their stock \$50.00 a share, plus accrued dividends, before any distribution is made to the holders of the common "B" stock.

None of the shares of common "B" stock shall be entitled to any preferences. Dividends may be paid on said stock only after all cumulative dividends have been paid, or provided for, on the outstanding preferred stock and common "A" stock. In the event of dissolution, liquidation or winding up of the corporation, the holders of the common "B" stock will be entitled to all assets remaining after payment has been made in full, at the rates specified, to the holders of the preferred stock and the common "A" stock. At all meetings of the stockholders of the corporation, the holders of the common "B" stock

shall be entitled to one vote for each share of common "B" stock held.

The Articles further provide that the Board of Directors shall have authority, as provided by statute, to determine that only a part of the consideration, which shall be received by the corporation for any of the shares of its capital stock it shall issue from time to time, shall be capital.

The company's Articles of Incorporation show the names and places of residence of each of the original subscribers to the capital stock of applicant and the number of shares and amount to be paid for common "B" stock subscribed for by each as follows:

NAME	PLACE OF RESIDENCE	NO OF SHARES	PRICE
A. Adrine	San Francisco	2	\$100.00
L. T. Grant	San Francisco	2	100.00
F. Emerson Hoar	San Francisco	2	100.00
Edward Schary	San Francisco	2	100.00
W. Peck	San Francisco	2	100.00

In Application No. 16338 applicant asked permission to construct gas plants and systems referred to therein and to exercise rights and privileges under franchises which it contemplated securing from the cities, towns and counties referred to therein. In Decision No. 24239, dated November 23, 1931, the Commission declares that present and future public convenience and necessity require and will require the exercise, under such terms and conditions as the Commission may hereafter determine, by West Coast Gas and Fuel Company, of the rights and privileges under the franchises which it contemplates to obtain from the City or Town of Auburn and from the City or Town of Placerville and the construction by West Coast Gas and Fuel Company of the liquid gas plants and/or systems in the said Cities or Towns of Auburn or Placerville. The terms and conditions under which such declaration is made are set

forth in the Commission's decision. In that decision the Commission also indicated the manner in which it believes the company's gas plants in Auburn and Placerville should be financed.

Applicant's president, Edward Schary, testified that it would have to expend approximately \$500.00 in obtaining each of the franchises referred to in Application No. 16338. In view of the fact that the Commission denied Application No. 16338 except as to the cities or towns of Auburn and Placerville, we believe that applicant should not be permitted to issue more than 20 shares of its common "B" stock to pay the expenses of acquiring the necessary franchises to construct, maintain and operate gas plants in the cities or towns of Auburn and Placerville. In addition, the company will be permitted to issue 10 shares of its common "B" stock at \$50.00 per share for the purpose of qualifying its directors and obtaining funds with which to pay organization expenses. If the company, as suggested in Decision No. 24239, amends its Articles of Incorporation and provides for not more than two classes of stock, namely preferred and common, the 30 shares of common "B" stock herein authorized to be issued may be issued as common stock.

O R D E R

West Coast Gas and Fuel Company having applied to the Railroad Commission for authority to issue stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that applicant should be permitted to issue 30 shares of its common "B" stock for the purpose of qualifying its directors, paying organization expenses and acquiring franchises to which reference is made in the foregoing opinion, that the money, property or labor to be

procured or paid for through the issue of said stock is reasonably required for the aforesaid purposes, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED, that West Coast Gas and Fuel Company be, and it hereby is, authorized to issue and sell for cash, on or before February 1, 1932, not exceeding 30 shares of its common "B" stock at not less than \$50.00 per share and to use the proceeds so far as may be necessary, to finance in part the cost of acquiring franchises from the municipal authorities in the cities or towns of Auburn and Placerville and to pay organization expenses.

IT IS HEREBY FURTHER ORDERED, that this application insofar as it involves the request for permission to issue stock in addition to the stock herein authorized to be issued be, and the same is hereby denied without prejudice.

The authority herein granted is subject to the following conditions:

1. Applicant shall keep such record of the issue and sale 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.

2. This order will become effective upon the date hereof.

DATED at San Francisco, California, this 7th day of December, 1931.

C. L. Seaver
Leon O. Williams
M. J. Linn
M. B. Higgins
James E. Stewart

Commissioners.