

LBM

Decision No. 24838

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 dollars)	Application No. 18160
(\$1,000,000) per value of its common)	
capital stock.)	

Le Roy M. Edwards, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this application Southern Counties Gas Company of California applies to the Railroad Commission for permission to issue and sell at par \$1,000,000 of its common capital stock.

The application shows that Southern Counties Gas Company of California has an authorized capital stock of \$25,000,000. divided into 250,000 shares of the par value of \$100. each. It appears that as of March 31, 1932, applicant had outstanding \$5,000,000. of common stock and \$2,499,200. of six percent cumulative preferred stock. In addition, it reported \$12,000,000. of first mortgage four and one half percent bonds due 1968, no notes payable and \$867,933.41 of current accounts payable. Its total assets and liabilities as of the above date are reported in Exhibit A-2 as follows:-

A S S E T S

<u>Capital assets:</u>	
Intangible values	\$1,026,636.15
Tangible property-Operative.....	\$25,211,146.11
" " Non-operative.....	110,619.92
	25,321,766.03
Fixed capital under construction.....	13,182.32
Total fixed capital	26,361,586.50
Stocks and securities owned.....	11,803.00
<u>Current assets:</u>	
Cash in banks and on hand	352,956.61
Special deposits	4,200.00
Accounts receivable-Affiliated Co.	434,398.13
Accounts and notes receivable.....	819,527.45
Materials and supplies	381,400.44
Gas in storage	96,039.07
	2,088,521.90
<u>Deferred charges:</u>	
Unamortized discount and expense.....	1,663,540.33
Property abandoned	73,152.69
Valuation expense-Unamortized.....	41,711.42
Rents and insurance paid in advance..	17,852.16
Clearing accounts- Accounting items held in suspense	43,562.80
	1,839,819.40
Total assets.....	<u>\$30,301,730.80</u>

L I A B I L I T I E S

<u>Capital stock:</u>	
6% Preferred.....	\$ 2,499,200.00
Common	5,000,000.00
Collections on sales of preferred stock.....	690.00
Funded debt:.....	12,000,000.00
<u>Current liabilities:</u>	
Accounts payable-Affiliated compan- ies	17,687.08
Accounts payable-Miscellaneous.....	251,547.99
Taxes accrued	369,997.84
Interest accrued	225,000.00
Rent paid in advance, etc.....	3,700.50
	867,933.41
<u>Consumers deposits:</u>	
Meter deposits	96,164.21
Consumers advances for construction	1,241,734.08
	1,337,898.29
<u>Reserves:</u>	
Depreciation	4,466,800.07
Insurance.....	173,460.46
Pensions.....	108,246.10
	4,748,506.63
Surplus.....	3,847,502.47
Total liabilities.....	<u>\$30,301,730.80</u>

The company alleges and reports in exhibits filed in this proceeding that up to March 31, 1932 it made expenditures in constructing and acquiring properties, including current assets, in the total amount of \$6,555,995.03, against which it has issued no stock

or bonds. This amount, it appears upon analysis, was financed through the use of earnings offset by the company's reserves and surplus. In addition, the company reports that it is proceeding with the installation of its pipe line to supply ^{natural gas to} San Diego Consolidated Gas and Electric Company, under the authority granted by the Commission in its decision No. 24698, entered on April 18, 1932 in Applications No. 18043 and 18051.

Reference to the former applications indicates that applicant planned upon constructing at an estimated cost of \$1,700,000.00, a gas line having an outside diameter of 12-3/4 inches and with a daily normal working capacity of 24,000,000 cubic feet of natural gas and extending approximately 80 miles from the Huntington Beach oil and gas field in Orange County to a point near the northerly end of Rose Canyon eastward of the town of La Jolla in San Diego County. The company reported at that time that it would finance the cost temporarily through funds on hand or from borrowed money and thereafter permanently through the sale of either common stock or bonds.

The company now asks permission to issue its common stock to reimburse its treasury for the expenditures made prior to March 31, 1932 and to assist it in defraying the cost of extending its gas line to supply gas to San Diego Consolidated Gas and Electric Company. It reports that Pacific Lighting Corporation, which owns all of its common stock now outstanding, is willing to acquire the additional \$1,000,000.00 at par, paying cash therefor.

O R D E R

Southern Counties Gas Company of California having applied to the Railroad Commission for permission to issue \$1,000,000.00 of common capital stock, the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor to be procured or paid for through

the issue of \$1,000,000.00 of common stock is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED, that Southern Counties Gas Company of California be, and it hereby is, authorized to issue and sell for cash at par on or before December 31, 1932, \$1,000,000.00 of its common capital stock for the purpose of reimbursing its treasury because of earnings heretofore expended for fixed capital purposes and to finance in part the cost of the gas line now being constructed for the purpose of delivering gas to San Diego Consolidated Gas and Electric Company.

The authority herein granted is subject to the following conditions:-

1. Applicant 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 insofar as applicable, is made a part of this order.
2. The authority herein granted will become effective twenty (20) days after the date hereof.

DATED at San Francisco, California, this 6th day of June, 1932.

CS Deaver
Leon ...
M. A. ...
W. B. Harris
Frederic G. Stewart
Commissioners.