

ORIGINAL

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application )  
of Long Beach Consolidated Gas )  
Company for an order authorizing ) Application No. 2198.  
it to sell a certain gas plant to )  
the Southern Counties Gas Company )  
of California. )

In the matter of the application )  
of Southern California Edison Company )  
for an order authorizing it to sell ) Application No. 2199.  
a certain gas plant to Southern )  
Counties Gas Company of California. )

In the matter of the application of )  
Southern Counties Gas Company of )  
California for authority to issue ) Application No. 2271  
and sell stock and bonds and to pur- )  
chase gas properties. )

Mountford S. Wilson, of Wilson and Wilson, and  
Leroy M. Edwards, for Southern Counties Gas Company.

Harry J. Bauer, for Southern California Edison  
Company and Long Beach Consolidated Gas Company.

George L. Hoodenpyl, for the City of Long Beach.

Albert Lee Stephens, for the City of Los Angeles.

LOVELAND, Commissioner.

OPINION

These applications are closely related, and by  
agreement among the parties concerned the evidence submitted for  
each was made applicable to all three.

They involve a proposed merger of certain gas proper-  
ties in the counties of Los Angeles, Orange and San Bernardino.

The general plan contemplates that Southern Counties Gas Company, hereinafter referred to in this opinion as "the Southern Company", shall acquire by purchase the properties of the Long Beach Consolidated Gas Company, hereinafter referred to in this opinion as "the Long Beach Company", and the gas properties, with the exception of the Santa Barbara plant, of the Southern California Edison Company, hereinafter referred to in this opinion as "the Edison Company".

The Southern Company was organized on February 24, 1911. It owns a system of gas plants serving the municipalities of Placentia, Garden Grove, South Santa Anita, El Monte, Whittier, Santa Ana, Orange, Anaheim, Fullerton, Monrovia, Sierra Madre, Arcadia, Covina, Azusa, Glendora and contiguous territory in Los Angeles and Orange Counties. Its gas generating plants are located at Santa Ana, Whittier, Monrovia and Covina. It is at the present time, however, serving natural gas throughout the greater part of its territory. It purchases this gas from the Standard Oil Company from the latter's properties in Coyote Hills and from the Petroleum Development Company, an affiliation of the Atchison, Topeka and Santa Fe Railway, in the Olinda oil fields.

The Long Beach Company was organized in July, 1910. It owns gas plants in Long Beach, from which it serves that city and neighboring territory. The Long Beach Company is supplied with natural gas from the Fullerton field, which it purchases from the Southern California Gas Company at wholesale under contract at 24½ cents per thousand cubic feet.

The Edison Company serves gas in and about the municipalities of Pomona, Chino, Claremont, San Dimas, Lordsburg, Venice, Santa Monica, Sawtelle, in that part of the city of Los Angeles comprising Wilmington, San Pedro and neighboring communities.

It owns gas generating plants at San Pedro, Pomona, Venice and Santa Monica. In a portion of its territory it is serving a mixture of natural and artificial gas. It purchases this natural gas, which comes from the Midway Fields in Kern County, from the Southern California Gas Company. Pomona, Chino, Lordsburg, San Dimas and Claremont are served with artificial gas from the plant at Pomona. Covina, Azusa and Lordsburg receive artificial gas from the plant at Covina.

It is the intention of the Southern Company to enter into new contracts with the Southern California Gas Company at lower prices than are paid by either the Long Beach or the Edison Company for its supply of natural gas. It is the intention further to lay a line three miles in length so as to serve Azusa and Lordsburg and neighboring territory from the Pomona plant. The Covina plant will be shut down.

The Southern Company contemplates the unification of the system, a reduction in the retail rate from \$1 per thousand cubic feet to 90 cents in the city of Long Beach, and a price reduction in San Pedro and certain other sections.

The Southern Company included in the presentation of its case a statement that rates would not be increased by reason of the merger, but that definite decreases would be forthcoming.

The Southern Company proposes to purchase the additional gas properties through the sale of \$2,500,000 of its first mortgage 5½ per cent bonds and \$660,000 par value of its 6 per cent preferred stock. As part of its plan of financing this new undertaking, it applies for authority to issue \$340,000 face value of common stock to retire a like amount of existing preferred stock.

The applicants introduced an inventory and appraisal of their properties compiled by Mr. William A. Baehr, a gas engineer of Chicago. Mr. Baehr's report was an appraisal of the properties as of January 25, 1916. He estimated the reproduction cost of the physical properties which it is herein proposed to consolidate, at \$3,441,000. He added \$850,000 for going concern value, making a total of \$4,291,000. Mr. Baehr estimated the present or depreciated value of the physical properties of these plants to be \$3,159,000.

Mr. J. W. White, of the Department of Statistics and Accounts of the Railroad Commission, presented a report of original cost which he had compiled from the annual reports which the applicants had submitted to this Commission. Mr. White found that the Southern, Long Beach and Edison Companies reported the cost as of December 31, 1915, of their tangible properties which it is herein proposed to amalgamate, as follows:

Edison Company.....	\$1,058,120.38
Long Beach Company .....	741,781.42
Southern Company .....	<u>959,775.21</u>
	\$2,759,677.01

Since December 31, 1915 the applicants have either added to their properties or have ordered materials which will shortly go into their properties to bring this total cost to a sum approximating \$3,000,000.

The three applicants report a total of 40,000 consumers, which would place the original cost per consumer installation at approximately \$75.00.

For the year ending December 31, 1915, the three applicants reported earnings and expenses as follows:

Operating Revenues:

Southern Counties,	\$248,993.86
Southern California Edison,	301,220.06
Long Beach,	<u>244,621.72</u>
Total.....	\$794,835.64

Operating Expenses:

Southern Counties,	\$173,128.12
Southern California Edison,	268,276.46
Long Beach,	<u>184,783.82</u>
Total.....	\$626,188.40

Net Operating Revenues:

Southern Counties,	\$ 75,865.74
Southern California Edison,	32,943.60
Long Beach,	<u>59,837.90</u>
Total,	\$168,647.24

The operating expenses noted above include depreciation as follows:

Southern Counties Gas Company,	\$ ---
Southern California Edison Company,	42,500.00
Long Beach Consolidated Gas Company,	<u>25,000.00</u>
Total.....	\$ 67,500.00

The net operating revenue therefore, excluding depreciation, amounts to \$236,000.00.

On December 31, 1915, The Long Beach Company reported assets and liabilities as follows:

ASSETS.

Fixed Capital Installed prior to Jan. 1-1913 (Gas)	\$1,270,291.47	
Fixed Capital Installed since Dec. 31-1912 (Gas)	<u>153,314.82</u>	
Total Fixed Capital		\$1,423,606.29
Cash	21,504.63	
Deposits	<u>100.00</u>	
Total Cash and Deposits		21,604.63
Notes Receivable		23.00
Accounts Receivable		
A-Due from consumers and agents	5,635.55	
B-Miscellaneous Acct's Receivable	<u>802.50</u>	
Total Accounts Receivable		6,438.05
Materials and Supplies		9,835.31
Sinking Fund		6,217.67
Prepaid Expenses		
A-Prepaid Taxes	52.68	
B-Prepaid Insurance	187.15	
C-Other Prepayments	<u>3,461.96</u>	
Total Prepaid Expenses		3,701.79
Unamortized Discount on Securities and Expense:		
A-Stocks	21,200.00	
B-Bonds	<u>10,521.01</u>	
Total		31,721.01
Automobiles (Included in other prepayments last year)		<u>5,731.69</u>
TOTAL ASSETS		\$1,507,879.44

LIABILITIES.

Capital Stock	\$ 866,700.00	
Funded Debt	513,000.00	
Accounts Payable		
A-Audited Vouchers and wages unpaid	\$ 11,861.98	
B-Consumers Deposits	<u>5,976.09</u>	
Total Acct's Payable		17,838.07
Interest Accrued		5,130.00
Service Billed in Advance		2,500.00
Reserve for Accrued Depreciation		81,105.04
Casualty and Insurance Reserves		3,917.95
Reserve for Uncollectible Bills		200.00
Corporate Surplus		<u>17,488.38</u>
TOTAL LIABILITIES		\$1,507,879.44

The gas properties of The Edison Company form only a small portion of its business, and the computations of their cost have been made by the applicants on a basis of  $4\frac{1}{2}$  per cent of the total. In the segregation of bonded indebtedness of the gas properties the same per centage has been used.

For the year ending December 31, 1915, the Southern Company reported the following assets and liabilities:

### ASSETS

Fixed Capital Installed prior To Jan. 1-1913 (Gas)	\$1,419,130.10	
Fixed Capital Installed since Dec. 31-1912 (Gas)	<u>272,898.13</u>	
Total Fixed Capital		\$1,692,028.23
Cash	\$ 14,794.77	
Deposits	<u>350.00</u>	
Total Cash and Deposits		15,144.77
Notes Receivable		150.70
Due from Consumers and Agents		34,405.81
Miscellaneous Accounts Receivable		2,271.68
Interest Receivable		20.35
Materials and Supplies		23,945.74
Sinking Funds		40,279.51
Treasury Securities		
Treasury Notes, 3 yr.	\$12,500.00	
2nd mortgage		
Treasury bonds, 30 yr.		
1st mortgage	<u>48,000.00</u>	60,500.00
Prepaid Rents	447.09	
Prepaid Taxes	5,489.31	
Prepaid Insurance	<u>650.76</u>	
Total		6,587.16
Unamortized Discount on Securities and Expenses.		
Stock	-	
Bonds	55,057.50	
Miscellaneous 5 yr. notes		
2nd mtgc.	<u>14,295.00</u>	
Total		69,352.50
Other Suspense		24,456.96
Construction work in progress		<u>14,171.55</u>
Total Assets		\$1,983,302.96

### LIABILITIES

Capital Stock		\$ 840,000.00
Funded Debt		824,000.00
Notes Payable		65,128.58
Audited vouchers and wages unpaid	\$59,025.52	
Consumers Deposits	14,360.95	
Miscellaneous Accts. Payable	<u>40.35</u>	
Total Accts. Payable		73,426.80



LIABILITIES (Cont.)

Interest Accrued	12,346.25
Service Billed in Advance (Rent Received)	26.71
Reserve for Accrued Depreciation	47,762.81
Insurance accrued	297.43
Reserve for Sinking Fund	17,500.00
" " " "	20,000.00
Reserve for Contingencies	8,000.00
Reserve for Inventory	795.13
 First mortgage bonds unsold	 48,000.00
Second " notes "	12,500.00
 Corporate Surplus	 <u>13,519.25</u>

Total Liabilities \$1,983,302.96

The Southern Company has an authorized capital stock of \$1,000,000, divided into 10,000 shares of the par value of \$100 per share. The stock is divided into \$500,000 par value of preferred and \$500,000 of common. All of the common and \$340,000 par value of the preferred stock are outstanding. The Southern Company has an authorized bond issue of \$1,000,000. It has outstanding at the present time bonds of the face value of \$556,000, and an issue of gold notes in the sum of \$240,500, and a floating indebtedness of \$152,000--a total indebtedness of \$948,500.

The contract under which The Southern Company proposes to make the purchase contemplated by these applications, provides that it shall pay \$950,000 for the properties of the Long Beach Company and \$1,050,000 for the properties of The Edison Company, or a total of \$2,000,000.

It is provided in this contract of purchase that The Southern Company may take over the Long Beach properties with their present bonded indebtedness of \$513,000. In this case The Southern Company will be under an additional expense connected with the calling and payment of these bonds.

The projectors of the merger intend that The Southern Company shall be discharged of all of its existing bonded and note indebtedness and such other indebtedness as may now be payable, including the sum of \$152,000. The present mortgage will be cancelled and a new one created. The issue of bonds applied for herein will be put out under the new mortgage.

The Southern Company states that it is under the necessity of raising approximately \$3,000,000, which will be used as follows:

To acquire properties of the Long Beach Company .....	\$ 950,000.00
To acquire gas properties of the Edison Company .....	1,050,000.00
To pay off indebtedness of the Southern Counties Gas Company .....	948,500.00
Extra cost of clearing the Long Beach Company of indebtedness, approximately .....	<u>15,000.00</u>
Total .....	\$2,963,500.00

The Southern Company states further that it will be under the necessity of raising an additional sum for additions and betterments and for miscellaneous expenses in connection with the reorganization, which will bring the total up to \$3,000,000. It proposes to raise this sum by the following means:

Sale of \$2,500,000 of first mortgage 5½ per cent. 20-year bonds at 92½ per cent. of face value .....	\$2,312,500.00
Sale of \$660,000 par value of 6 per cent. preferred stock at \$90 per share .....	<u>\$ 594,000.00</u>
Total .....	2,906,500.00
To this the largest stockholders in the enterprise will add the sum of \$100,000, to be applied either directly on the price of the bonds or to be credited on bond discount, .....	<u>100,000.00</u>
Total .....	\$3,006,500.00

The Southern Company states that it has a firm undertaking for the sale of its bonds and its stock at the prices named.

The bonds which the Southern Company proposes to sell will be issued under a deed of trust to Central Trust Company of Illinois and Los Angeles Trust and Savings Bank, Trustees.

The bonds will bear date of May, 1916 and will mature in May, 1936. They will be a first mortgage on the combined properties and will be callable at 102½ per cent. of face value. The deed of trust provides for a total of \$10,000,000 of bonds, of which \$2,500,000 are to be issued forthwith. The balance may be issued up to 80 per cent. of the cost of future additions and betterments, when the earnings shall have been for the twelve months previous, one and one-half times the interest on the outstanding bonds plus the bonds which it is proposed to issue. New bonds may be issued for the acquisition of new plants, but in a sum not in excess of \$1,250,000, unless the earnings for the previous twelve months shall have been one and three-fourths times the interest on the outstanding bonds plus the bonds proposed to be issued.

The sinking fund is to begin in 1923 and to consist annually of 1 per cent. of the bonds outstanding. This fund may be so divided that one-half may be reinvested in additions and betterments to the gas properties. In case of default, the holders of 25 per cent. in amount of the bonds outstanding may foreclose upon the properties, but the holders of a majority of the outstanding bonds shall control the proceedings.

The Southern Company will amend its articles of incorporation so as to provide for a total issue of \$5,000,000 of stock, divided into \$2,500,000 of preferred stock and a like amount of common stock; all of the stock to be of the par value of \$100 per share. The preferred stock will be entitled to 6 per cent. cumulative dividends and shall be preferred as to assets as well as to dividends. The preferred stock is callable at \$105. per share.

The Southern Company will retain its present franchises and will acquire additional franchises from the Edison and Long Beach Companies as follows:

From the Edison Company:

Constitutional franchise to operate in the cities of Pomona, Claremont, Lordsburg, Venice, Santa Monica and Sawtelle;

Franchise granted by the city of Chino to Southern California Edison Company on May 6, 1913, by Ordinance No. 53;

Franchise granted by the county of Los Angeles to G. H. Bixby on October 22, 1912, by Ordinance No. 315 (N.S.);

Franchise granted Southern California Edison Company by the County of Los Angeles on April 8, 1912, by Ordinance No. 298 (N.S.);

Franchise granted the Southern California Edison Company by the county of San Bernardino on March 24, 1913, by Ordinance No. 153.

From the Long Beach Company:

Franchise granted to the Long Beach Consolidated Gas Company by the county of Orange on April 8, 1914, by Ordinance No. 111;

Franchise granted to the Long Beach Consolidated Gas Company by the county of Orange on October 13, 1914, by Ordinance No. 120.

At the hearing upon these applications the city of Long Beach and the city of Los Angeles were represented by counsel. They appeared to safeguard their respective interests both urging that the Commission should not by inference place a higher value upon the gas properties concerned for the purposes of an issue of stocks and bonds than would be warranted in a proceeding where rates were involved. Counsel for the city of Long Beach urged further

that this Commission should not authorize an issue of securities which would increase the indebtedness upon these gas plants nor add to their present annual fixed charges. The city of Long Beach presented also an agreement with the Long Beach Company under the terms of which the latter agreed that any rates to be fixed in the city of Long Beach by the Railroad Commission should be binding upon it as of July 1, 1915.

These interventions did not partake of the nature of protests, and the purpose of the representations will be met if the interests of both Los Angeles and Long Beach are duly safeguarded in such order as may be issued.

The contract between the city of Long Beach and the Edison Company is an independent agreement between the city and the company and I believe it should be left to them to adjust in a manner mutually satisfactory.

The Southern Company has submitted the following statement to indicate the relationship between the existing indebtedness and the annual fixed charges and the indebtedness and fixed charges to be created by reason of the merger:

-Present Condition of Indebtedness -

Southern Counties Gas Company:

Bonds.....	\$596,000.00
Gold notes.....	340,500.00

Long Beach Consolidated Gas Company:

Bonds.....	513,000.00
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Southern California Edison Company:

Total funded debt.....	\$19,216,000.00
4½ per cent same, being estimated value of gas properties.....	864,720.00
Total funded debts.....	20,080,720.00

Floating Indebtedness -

Southern California Edison Company, (4½ per cent basis).....	\$24,820.36
Long Beach Consolidated Gas Company.....	28,183.80
Southern Counties Gas Company, (new capital expenditure) .....	<u>152,000.00</u>
Total.....	\$205,004.16

Total funded and floating debt \$2,462,036.82

Proposed new bonded indebted-

nes..... 2,500,000.00  
making an increase of but  
\$17,963.18, but there is  
\$152,000 new property.

Present interest -

Southern California Edison Company, (4½ per cent basis).....	\$ 44,341.20
Long Beach Consolidated Gas Company	30,780.00
Southern Counties Gas Company.....	<u>50,600.00</u>
Total.....	\$ 125,721.20

New interest charge on \$2,500,000  
bonds at 5½ per cent..... \$ 137,500.00

Or more interest if no interest  
is charged for floating debt, and  
less interest if floating debt is  
changed to an interest bearing debt.

In this statement Southern Counties  
Gas Company has included its sink-  
ing fund bonds amounting to \$20,000  
and the interest thereon.

I believe that the applicants have presented a general plan of consolidation which is not only reasonable but which should be effective in at once improving the gas service and reducing its price to a large community in southern California. The section served by these three properties is one of the fastest growing portions of the United States. It offers an attractive field for expansion and development. It is to a large extent supplied with natural gas of good heating quality. The unification of these systems will admit of economies, and these advantages it is now proposed to share with the patrons.

The chief stockholders of the Southern Company will associate with themselves a group of financially strong men of wide experience in gas and other public utility enterprises. The Southern Company will continue under the management of Mr. Ferdinand R. Bain, who has had wide experience in the management and operation of gas properties in the eastern states and in California. A complete canvass of the field will be undertaken for additional business and a ready service force will be equipped to maintain the plant in high efficiency and to adjust complaints of patrons.

The Southern Company is also undertaking extensions into Newport Beach and Huntington Beach and contemplates also a wider sale of natural gas for industrial uses.

I am of the belief that from the point of view of service and rates, the merger herein proposed will redound to the advantage of the customers of the three companies. It is apparent also that neither the indebtedness nor the interest costs will be increased. The three companies operating as one should be enabled to reap larger returns than as separate entities.

I recommend that the application be granted and submit the following form of order:

O R D E R

Long Beach Consolidated Gas Company having applied to this Commission for an order authorizing it to sell a certain gas plant and franchises to Southern Counties Gas Company of California; and Southern California Edison Company having applied to this Commission for an order authorizing it to sell certain gas plants and franchises to Southern Counties Gas Company of California; and Southern Counties Gas Company of California having

applied to this Commission for authority to issue and sell stocks and bonds,

And a hearing having been held and this Commission being fully apprised in the premises, and it appearing to this Commission that public interest and convenience would be served by granting said applications upon the conditions hereinafter set out, and it appearing further that the purposes for which it is proposed to issue said stock and said bonds are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Long Beach Consolidated Gas Company be granted authority and it is hereby granted authority to sell its gas properties and franchises to Southern Counties Gas Company of California.

IT IS FURTHER ORDERED that Southern California Edison Company be granted authority to sell its gas properties and gas franchises, with the exception of its properties and franchises in Santa Barbara County to Southern Counties Gas Company of California.

The authority herein granted to said Long Beach Consolidated Gas Company and to said Southern California Edison Company is granted upon the following conditions and not otherwise:

(1) The gas properties to be transferred by Southern California Edison Company and Long Beach Consolidated Gas Company shall consist of the properties described in Exhibit "A" attached hereto and made a part of this order.

(2) The authority herein granted shall become effective only after Southern California Edison Company and Long Beach Consolidated Gas Company shall have given to Southern Counties Gas Company of California a good and sufficient deed to said properties described in Exhibit "A", and shall have filed certified copies thereof with this Commission.

(3) The following franchises shall be transferred from Southern California Edison Company to Southern Counties



Gas Company of California.

Constitutional franchise to operate in the cities of Pomona, Claremont, Lordsburg, Venice, Santa Monica and Sawtelle;

Franchise granted by the city of Chino to Southern California Edison Company on May 6, 1913, by Ordinance No. 53;

Franchise granted by the county of Los Angeles to G. H. Bixby on October 22, 1912, by Ordinance No. 315 (N.S.);

Franchise granted Southern California Edison Company by the county of Los Angeles on April 8, 1912, by Ordinance No. 298 (N.S.);

Franchise granted the Southern California Edison Company by the county of San Bernardino on March 24, 1913, by Ordinance No. 153.

(4) Franchises to be transferred by Long Beach Consolidated Gas Company shall include the following:

Constitutional franchise to operate gas plants in Long Beach, Wilmington and San Pedro;

Franchise granted to the Long Beach Consolidated Gas Company by the county of Orange on April 8, 1914, by Ordinance No. 111;

Franchise granted to the Long Beach Consolidated Gas Company by the county of Orange on October 13, 1914, by Ordinance No. 120.

Franchises enumerated above in Subdivisions No. (3) and No. (4) shall be transferred to Southern Counties Gas Company of California only upon condition that Southern Counties Gas Company of California shall receive from this Commission a supplemental order stating that Southern Counties Gas Company of California has filed with this Commission a stipulation in satisfactory form, duly authorized by its board of directors,

declaring that Southern Counties Gas Company of California, its successors and assigns, will never claim before the Railroad Commission or any court or other public body, a value for said franchises, or any of them, in excess of the original cost of said franchises, which actual cost shall be duly stated by Southern Counties Gas Company of California.

(6) Long Beach Consolidated Gas Company and Southern California Edison Company shall devote the proceeds from the sale of the properties herein authorized to be transferred to such purposes as may be permissible under their respective mortgages and deeds of trust.

IT IS FURTHER ORDERED that Southern Counties Gas Company of California be granted authority and it is hereby granted authority to execute a mortgage of its properties to Central Trust Company of Illinois and Los Angeles Trust and Savings Bank to secure an authorized issue of \$10,000,000 of its 20-year 5½ per cent first mortgage bonds, said mortgage and deed of trust to be in a form to be hereafter approved by this Commission.

IT IS FURTHER ORDERED that Southern Counties Gas Company of California be granted authority and it is hereby granted authority to issue \$2,500,000 face value of its 20-year 5½ per cent first mortgage bonds.

IT IS FURTHER ORDERED that Southern Counties Gas Company of California be granted authority and it is hereby granted authority to issue 6,600 shares of its 6 per cent cumulative preferred stock of the par value of \$100 per share.

IT IS FURTHER ORDERED that Southern Counties Gas Company of California be granted authority and it is hereby granted authority to issue 3,400 shares of its common capital stock of the par value of \$100 per share, for the retirement and cancellation of 3,400 shares of its existing preferred stock of

the par value of \$100 per share.

The authority herein given to issue said stock and said bonds is given upon the following conditions and not otherwise:

(1) The bonds herein authorized to be issued shall be issued so as to net the applicant not less than 92½ per cent of the face value thereof plus accrued interest and an additional sum of \$100,000.

(2) The 6 per cent cumulative preferred stock herein authorized to be issued shall be issued so as to net the applicant not less than \$90 per share.

(3) The proceeds to be derived from the sale of the \$2,500,000 of bonds and the 6,600 shares of 6 per cent cumulative preferred stock shall be used for the following purposes and not otherwise:

(a) For the purchase and acquisition, free of all encumbrance, of the gas properties of the Southern California Edison Company and of the Long Beach Consolidated Gas Company as the same are described in Exhibit "A" attached to this order and made a part hereof.

(b) For the retirement and payment of the indebtedness of Southern Counties Gas Company of California, consisting of bonds in the sum of \$556,000; gold notes in the sum of \$240,500; and floating indebtedness in a sum not less than \$152,000; or a total of \$948,500.

(c) For additions and betterments to be hereafter specified.

(4) The authority herein given to Southern Counties Gas Company of California to issue common stock is given merely for the purpose of transforming 3,400 shares of outstanding preferred stock into common stock and is not predicated upon the

value of either said preferred or common stock.

(5) The applicant shall issue the 6,600 shares of 6 per cent cumulative preferred stock and the 3,400 shares of common stock only after it shall have filed with this Commission a copy of its amended articles of incorporation.

(6) The authority herein granted for the sale of the properties of Long Beach Consolidated Gas Company and of Southern California Edison Company, and for the issue by Southern Counties Gas Company of California of stocks and bonds, is granted on condition that the price paid by Southern Counties Gas Company of California for said properties of Long Beach Consolidated Gas Company and of Southern California Edison Company, and the amount of stocks and bonds herein authorized to be issued for the payment therefor, shall not be binding upon this Commission or any court or other public body as a finding of value for said properties or either of them.

(7) Southern Counties Gas Company shall keep separate, true, and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stocks and bonds hereby authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified report to the Commission stating the sale or sales of said stocks and bonds during the preceding month, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(8) The authority herein granted to issue bonds is conditioned upon the payment by the applicant of the fee prescribed under the Public Utilities Act.

(9) The authority herein granted to issue stocks

and bonds shall apply to such stocks and bonds as shall have been issued on or before December 31, 1916.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 22nd day of May, 1916.



Max Thelen  
H. D. [unclear]  
[unclear]  
Edwin O. Edgerton  
Frank P. Deolin  
Commissioners.

EXHIBIT "A"

a. Southern California Edison Company:

CITY OF VENICE

COUNTY OF LOS ANGELES.

(j) Lots Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Twenty-two (22), Twenty-three (23), Twenty-four (24), Twenty-five (25), and Twenty-six (26), all of Block "T" of the Ocean Tract, in the City of Venice, as shown on Map Recorded in Book 23, pages 93 and 94 Miscellaneous Records of Los Angeles County, State of California, excepting from said Lots Twenty-two (22), Twenty-three (23), Twenty-four (24), Twenty-five (25) and Twenty-six (26) those portions thereof which were conveyed to K. E. Wade by deed from S. S. Chaffee, recorded in Book 800, page 5 of Deeds, records of said Los Angeles County, said Lot Twelve (12), being subject to the conditions, restrictions and reservations contained in the deed from Santa Monica Commercial Company to I. A. Jameson, recorded in Book 2358, page 311 of Deeds, records of Los Angeles County, California.

CITY OF LOS ANGELES

COUNTY OF LOS ANGELES

(k) Lots Twelve (12) and Thirteen (13) of James' Subdivision of Block Forty-seven (47) of San Pedro, in the City of Los Angeles, as shown on a map recorded in Book 5, page 591, Miscellaneous Records of Los Angeles County.

CITY OF POMONA

COUNTY OF LOS ANGELES.,

(l) Lots One (1) and Two (2), Block Two (2), and Lots One (1), Two (2), Three (3) and Four (4), Block Three (3), all of G. V. D. Brand's Subdivision of Lots Four (4) and Five (5) of Block One Hundred Eighty-three (183) of Pomona, in the City of Pomona, as shown on a map recorded

in Book 19, page 47, Miscellaneous Records of Los Angeles County.

(b. Long Beach Consolidated Gas Company:

CITY OF LONG BEACH  
COUNTY OF LOS ANGELES

(m) The Four (4) acre parcel of land in the Rancho Los Cerritos, City of Long Beach, County of Los Angeles, State of California, conveyed to the Long Beach Consolidated Gas Company by deed recorded in Book 4398, page 119 of Deeds, Records of said Los Angeles County, together with the easements specified in said deed, This conveyance being subject to the right to lay, construct, maintain and operate a pipe line and the right of ingress and egress granted to Southern California Edison Company over a twenty (20) foot strip of land, both of which rights are described in a deed recorded in Book 5652 of Deeds, page 313, Records of Los Angeles County.

(n) Also that portion of the Rancho Los Cerritos on the City of Long Beach, County of Los Angeles, State of California, described as follows, to wit: Beginning at a point Twenty-five (25) feet Southerly and at right angles from the center line of the Southern Pacific R. R. Company's right of way at the East bulkhead of bridge over the old San Gabriel River; thence South at right angles to said center line of the Southern Pacific R. R.'s right of way, One Hundred and Fifty (150) feet; thence at right angles to this line in an Easterly direction and parallel to said center line of said Southern Pacific R. R.'s right of way Two Hundred Ninety and Four-tenths (290.4) feet; thence at right angles to this line in a Northerly direction One Hundred and Fifty (150) feet to the South line of said right of way of said Southern Pacific R.R. Company; thence along said South line of said right of way of said Southern Pacific R. R. Company in a Westerly direction Two Hundred Ninety and Four-tenths (290.4) feet to the beginning, as described in deed recorded in Book 4396 of Deeds, page 58, Los Angeles County records, excepting that portion of same conveyed to Southern California Edison Company by deed recorded in Book 5652 of Deeds, page 313, Los Angeles County records, subject to

the rights of ingress and egress granted to Southern California Edison Company over a Twenty (20) foot strip of land described in said deed recorded in Book 5652, of Deeds, page 313, Los Angeles County records, and subject also to the right to lay, construct, maintain and operate a pipe line granted to Southern California Edison Company by deed recorded in Book 5652 of Deeds, page 313, Los Angeles County records.

(Foregoing property subject to the conditions contained in the deed from Los Angeles Dock & Terminal Company to A. E. Morphy, recorded in Book 4391, page 1 of Deeds, Los Angeles County records.)

o. Lots Sixteen (16), Seventeen (17), Eighteen (18), Twenty (20), Twenty-one (21), Twenty-two (22), Twenty-three (23) and Twenty-four (24), all in Block 1 in the Ocean Front Addition to Long Beach, in the City of Long Beach, County of Los Angeles, State of California, as per map in Book 28, page 67, Miscellaneous Records of Los Angeles County, California (subject to right of way over Lots Seventeen (17), and Eighteen (18), for all purposes pertaining to irrigation ditches or water pipes as reserved by deed recorded in Book 770, page 205, of Deeds, Los Angeles County records.)

p. Lot No. Five (5) of the Sixth Street Tract, City of Long Beach, County of Los Angeles, State of California, as per map recorded in Book 2, page 99 of Maps, Los Angeles County records (subject to right of way over said property to lay water pipes and to maintain and repair the same, as granted to the Alamitos Water Company by Deed recorded in Book 379, page 295 of Deeds, Los Angeles County records.)

All of the gas works, plants, buildings, structures, erections and constructions belonging to the Long Beach Consolidated Gas Company and the Southern California Edison Company, existing on all of the above described real estate, or any part thereof.

Also all of the engines, furnaces, boilers, generators, machinery, shafting, belting, retorts, tanks, condensers, compressors, purifiers, pumps, pumping stations, steamholders, gasholders, reservoirs, expansion tanks, gas mains and pipes, tunnels, surface pipes, pipe lines, fittings, reducers, regulators, drips, valves, connections, implements, meters, tools and all other appliances, instruments, appurtenances and facilities now



owned by the Southern California Edison Company and the Long Beach Consolidated Gas Company and constituting parts of their gas works and gas distributing systems and the equipment thereof and used, or provided for use in or appurtenant to the production, transmission, storage, distribution and sale of natural or artificial gas (excepting, however, the gas properties of the Southern California Edison Company situate at Santa Barbara); also all gas transportation and distribution lines and all easements, rights, power, privileges, franchises, licenses, rights of way, immunities and concessions of the two said companies whether granted to them by virtue of the Constitution of the State of California, or by Legislative Act or by virtue of the acts, resolutions, ordinance or grants of any municipality, county or other political subdivision or any private person or corporation.