

AREF

ORIGINAL

Decision No. 44776

Decision No. _____

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

---000---

In the Matter of the Application of)
VALLEY NATURAL GAS COMPANY for an)
order authorizing it to execute a)
deed of trust to Anglo-California)
Trust Company to secure a bonded in-)
debtedness in the sum of \$2,000,000.00,)
to issue \$378,000.00 par value of)
bonds, to issue 2000 shares of pre-)
ferred stock, to issue 1000 shares of)
common stock, to issue a promissory)
note for \$250,000.00 and to pledge)
securities to secure the payment of)
said promissory note.)

Application No. 2172.

In the Matter of the Application of)
CALIFORNIA NATURAL GAS COMPANY and)
VALLEY NATURAL GAS COMPANY for an)
order authorizing California Natural)
Gas Company to sell to Valley Natural)
Gas Company all and singular its prop-)
erty and assets and of Valley Natural)
Gas Company to purchase the same.)

Application No. 2173.

BY THE COMMISSION.

SUPPLEMENTAL OPINION.

In the order of May 20, 1916, in the above entitled pro-
ceeding authority was given to California Natural Gas Company to
sell its entire property, used in the natural gas business in Kern
County, to Valley Natural Gas Company, and Valley Natural Gas Com-
pany was authorized to issue certain securities, including 1,000
shares of its common capital stock having a total par value of
\$100,000.00.

Referring to the issue by Valley Natural Gas Company
of its common capital stock of the par value of \$100,000.00, the
opinion of May 20, 1916 herein reads in part as follows:

"The \$100,000.00 par value of common stock is to be issued to California Natural Gas Company as part payment of the purchase price of the property to be acquired by Valley Natural Gas Company from California Natural Gas Company. C. B. Colby testified that he has agreed, verbally, to purchase from California Natural Gas Company said \$100,000.00 par value of common capital stock at \$80.00 per share. Said \$100,000.00 par value of common stock is to be pledged by California Natural Gas Company as part security for the \$247,500.00 loan."

The authority to issue said capital stock was based on testimony to the effect that this stock would be paid for at \$80.00 per share in cash and that it was not being issued, in whole or in part, for promotion services.

We are advised that Valley Natural Gas Company issued to California Natural Gas Company its certificate of common capital stock of the par value of \$100,000.00, that this certificate was pledged as part security for said loan of \$247,500.00, that this loan has been paid and that said certificate is now in the possession of California Natural Gas Company which is holding the same pending advice from this Commission as to the disposition thereof.

The Commission is now in receipt of a letter dated July 7, 1917, from Mr. Joseph Haber, Jr., attorney for Valley Natural Gas Company, stating that California Natural Gas Company has not received and makes no claim for any cash payment for said capital stock and that he has secured the consent of all parties interested, including Mr. Colby, to the cancellation of the certificate upon receipt of an authorization or direction from this Commission to cancel the same. Mr. Haber advises that application may hereafter be made by Valley Natural Gas Company to this Commission for authority to issue securities for promotion services rendered to the Company and also to represent expenditures for capital account made subsequent to the purchase by Valley Natural Gas Company, but that in event

such application is hereafter made it will be based exclusively on its own merits and without any reference to said capital stock of the par value of \$100,000.00.

Under the circumstances, the authority heretofore given to issue this capital stock will be revoked and direction will be given that the certificate representing this stock shall be cancelled and returned to the treasury of Valley Natural Gas Company.

SECOND SUPPLEMENTAL ORDER.

Good cause appearing,

IT IS HEREBY ORDERED that the authority given in the order of May 20, 1916, herein to Valley Natural Gas Company to issue 1,000 shares of common capital stock be and the same is hereby revoked, and that the certificate of stock representing said shares of capital stock shall be cancelled and returned to the treasury of Valley Natural Gas Company.

IT IS HEREBY FURTHER ORDERED that within five (5) days from the receipt of such certificate of capital stock, cancelled as herein provided, Valley Natural Gas Company shall report to the Railroad Commission the fact of such cancellation. The shares of capital stock represented by said certificate shall not hereafter be again issued unless the consent of the Railroad Commission has first been secured.

Dated at San Francisco, California, this 16th day of July, 1917.

Man Sheldon
A. B. K. [unclear]
A. G. [unclear]

Commissioners.