

Decision No. 27321

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
WEST SIDE NATURAL GAS COMPANY,)
a corporation, and NATURAL GAS COR-)
PORATION OF CALIFORNIA, a corpora-)
tion, for an order authorizing the)
two corporations to merge.)

Application No. 19537

Pillsbury, Madison and Sutro, by Hugh Fullerton,
for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

The West Side Natural Gas Company and the Natural Gas Corporation of California ask permission to merge into the Natural Gas Corporation of California as the surviving corporation.

The West Side Natural Gas Company is a California corporation engaged in selling natural gas in Taft, South Taft, Ford City, Maricopa, Fellows, Kettleman City and Avenal. It is also engaged in selling water in Avenal. It is through stock ownership controlled by the Pacific Public Service Company. For the year ending June 30, 1934 it reported operating revenues of \$128,697.22.

The Natural Gas Corporation of California is a California corporation and is engaged in the business of selling gas in Arcata, Brawley, Calexico, Dunsmuir, El Centro, Suisun, Fairfield, Isleton, Rio Vista, Vacaville and Yreka. For the year ending June 30, 1934 it reports operating revenues of \$160,824.66. It is through stock ownership controlled by the Natural Gas Properties, Inc. which in turn is controlled by the Pacific Public Service Company.

It is proposed to merge the two companies under the provisions of Section 361 of the California Civil Code. A copy of the proposed merger agreement is filed in this proceeding as Exhibit "B". The agreement provides that Natural Gas Corporation of California is to be the surviving corporation. The articles of incorporation of the Natural Gas Corporation of California are adopted as the articles of incorporation of the surviving corporation.

Paragraph three of the merger agreement reads--

"That the manner and basis of converting the shares of the Constituent Corporations into shares of the surviving corporation shall be and are hereby as follows:-

(1) The 1,500 issued and outstanding shares of West Side Natural Gas Company, a constituent corporation, shall be and are hereby constituted 1,500 shares of the common stock of the surviving corporation.

(2) Shares of stock of Natural Gas Corporation of California, a constituent corporation, issued and outstanding, shall be and are hereby constituted shares of common stock of the surviving corporation."

The surviving corporation does not ask permission to issue stock. Counsel for applicants takes the position that the merger does not in legal theory constitute a transfer of property or involve a new stock issue.

The surviving corporation will assume all debts and liabilities of the constituent corporations. The properties of the surviving corporation will be under the same management as now has charge of the operation of the properties of the constituent companies. It is felt, however, that certain operating expenses, particularly taxes, can be reduced by the merging of the two corporations.

O R D E R

The Commission having been asked to enter its order under Section 51 (a) of the Public Utilities Act, authorizing the merger of the West Side Natural Gas Company and the Natural Gas Corporation

of California, a public hearing having been held before Examiner Fankhauser and the Commission having considered the request of applicants and being of the opinion that such request should be granted, therefore,

IT IS HEREBY ORDERED that the West Side Natural Gas Company and the Natural Gas Corporation of California may, on or before December 31, 1934, execute an agreement similar in form to the agreement filed in this proceeding as Exhibit "B", and thereby merge into Natural Gas Corporation of California as the surviving corporation.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of said merger agreement, Natural Gas Corporation of California shall file with the Commission a certified copy of said merger agreement.

DATED at San Francisco, California, this 4th day of September, 1934.

Leon Whitney

W. H. C. C.

W. B. Lewis

W. H. C. C.

Commissioners.