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Decision No. <u>30024</u>

HEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA for Anthority to Issue and Sell Two Million Dollars Par Value of Its Common Capital Stock to Pacific Lighting Corporation, a California Corporation.

Application No. 21379.

LeRoy M. Edwards, for Applicant.

BY THE COMMISSION:

OPINION AND ORDER

This is an application by Southern Counties Gas Company of California for an order authorizing it to issue and sell at par for cash \$2,000,000 par value of its common capital stock for the purpose of financing in part the cost of redeeming its outstanding \$2,500,000 of six per cent cumulative preferred stock.

The application shows that Southern Counties Gas Company of California has an authorized capital stock of \$25,000,000 consisting of 250,000 shares of the par value of \$100 each divided into 50,000 shares of seven per cent preferred stock, 75,000 shares of six per cent preferred stock and 125,000 shares of common stock. Of the authorized amount there is outstanding at present \$2,500,000 of six per cent preferred stock and \$6,000,000 of common stock. All of the common stock is reported held by Pacific Lighting Corporation.

The six per cent preferred stock bears cumulative dividends at the rate of six per cent per annum and has preference over the common stock in the distribution of assets upon dissolution. It is redeemable in whole or in part upon any dividend payment date, when and as determined by the company's board of directors, at \$105 a share plus all cumulative dividends accrued and unpaid.

It is recited in the application that at a meeting held on July 26, 1937 applicant's board of directors passed a resolution

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authorizing the redemption on September 30, 1937 of all the outstanding six per cent preferred stock and a resolution authorizing the issue and sale of \$2,000,000 of common stock to provide funds to be used to effect the redemption. It appears that the common stock will be purchased at par for each by Pacific Lighting Corporation and that the remaining funds necessary to complete the payment of the preferred stock will be obtained by applicant from its working cash funds. In this connection the company reports as of June 30, 1937 cash on hand of \$922,699.98, accounts receivable of \$2,032,229.41 and other current assets of \$795,146.10, a total of \$3,750,075.49. Its current liabilities as of the same date aggregate \$1,447,713.99.

The Commission has considered the company's request to issue additional common stock and is of the opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefor,

IT IS HEREBY ORDERED that Southern Counties Cas Company of California be and it hereby is authorized to issue and sell \$2,000,000 par value of its common capital stock at par for cash and to use the proceeds for the purpose of financing in part the cost of paying and redeeming on September 30, 1937 its outstanding six per cent preferred stock, provided:

> 1. That 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, within thirty days thereafter, a verified report as required by the Railroad Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order, and

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2. That the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this <u>9⁷⁷</u> day of <u>Current</u>, 1937.

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Commissioners.