

Decision No.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
SAN DIEGO CONSOLIDATED GAS AND ELECTRIC
COMPANY, a corporation, for authority
to change the par value of its authorized
and outstanding common stock, and to amend
its amended articles of incorporation in
connection therewith.

Application No. 23509

Chickering and Gregory, by Allen L. Chickering
for Applicant
D. L. Ault, City Attorney and Walter W. Cooper,
Rate Expert of the City of San Diego.

BY THE COMMISSION:

O P I N I O N

The Railroad Commission in this proceeding is asked
to enter its order authorizing San Diego Consolidated Gas and
Electric Company,

- (1) To amend its amended articles of incorporation so as to change the name of applicant to San Diego Gas and Electric Company, and to change the par value of its common stock to \$10 per share and the authorized common stock from 150,000 shares of \$100 par value to 1,500,000 shares of \$10 par value, substantially as provided in Exhibit "C" filed in this proceeding.
- (2) To issue certificates for shares of \$10 par value common stock in exchange for certificates of \$100 par value of common stock on the basis of 10 shares of \$10 par value common stock for each share of \$100 par value common stock represented by certificates surrendered for exchange.
- (3) To stamp or otherwise change applicant's certificates of stock to show the change in par value of common stock of applicant, such stamping or changing of certificates to be only effective upon the transfer of shares.

Since the filing of this application, applicant's name has been changed to San Diego Gas & Electric Company. This change was made by an amendment to its articles of incorporation.

San Diego Gas & Electric Company reports its authorized and outstanding capital stock as follows:

<u>Authorized</u>	<u>Shares</u>	<u>Par Value</u>	<u>Amount</u>
Preferred			
7% cumulative	62,925	\$100	\$ 6,292,500
6% cumulative	87,075	100	8,707,500
Subtotal	<u>150,000</u>		<u>\$15,000,000</u>
Common	<u>150,000</u>	100	<u>15,000,000</u>
Total authorized	<u>300,000</u>		<u>\$30,000,000</u>
 <u>Outstanding</u>			
Preferred			
7% cumulative	62,925	\$100	\$ 6,292,500
Common	<u>100,325</u>	100	<u>10,032,500</u>
Total outstanding	<u>163,250</u>		<u>\$16,325,000</u>

The application shows that of the outstanding common stock, Standard Gas and Electric Company owns 99,387 shares (\$9,938,700 par value) or about 99%. It owns ^{60.88%}~~66.38%~~ of all the outstanding stock of the San Diego Gas & Electric Company. *HSM*

As indicated, San Diego Gas & Electric Company has outstanding 62,925 shares of 7% cumulative, preferred stock, the shares of this stock having a par value of \$100. No change in the par value of the preferred stock is presently being made. However, *HSM* in order ^{not} to change the relative voting rights of holders of the outstanding stock, the company's articles of incorporation will be amended so that each shareholder shall be entitled to one vote for each \$10 par value of stock held by such shareholder.

The change in the par value per share in the common stock from \$100 to \$10 is being made at the instance of Standard

Gas and Electric Company. It is a holding company, registered with the Securities and Exchange Commission, under the Public Utilities Holding Company Act of 1935. It has subsidiary public utilities operating in twenty-one states and in two provinces of the Republic of Mexico. (1)

The Securities and Exchange Commission on March 6, 1940 commenced proceedings against Standard Gas and Electric Company and its subsidiaries to require compliance with Section 11(b) (1) of the Holding Company Act. (1) As stated, Standard Gas and Electric Company owns about 99% of the common stock of San Diego Gas & Electric Company. Standard Gas and Electric Company and Standard Power and Light Corporation have \$70,523,900 of 6% notes and debentures of various maturities outstanding. (1) Standard Gas and Electric Company will offer to the holders of such notes and debentures 58 shares of San Diego Gas & Electric Company common stock of the par value of \$10 per share for each \$1,000 face amount of note or debenture. Holdings of less than \$1,000 face amount of notes and debentures may be exchanged on the same proportionate basis but no fractional shares will be issued. The Railroad Commission has no authority over the offer being made by Standard Gas and Electric Company. This offer, however, has been reviewed and passed upon by the Securities and Exchange Commission. The Railroad Commission, however, does have authority over the issue of stock of the San Diego Gas & Electric Company. Ordinarily, we do not favor the issue of shares of par value stock with a par value as low as \$10 per share. In this instance, it is urged that the low par value will facilitate the exchange of San Diego Gas & Electric Company

(1) Order of Securities and Exchange Commission, dated August 22, 1940.

common stock for notes and debentures of Standard Gas and Electric Company and Standard Power and Light Corporation, and that the low par value of the stock will permit a wider distribution of the same. If the note and debenture holders of Standard Gas and Electric Company and Standard Power and Light Corporation do not accept the said offer, applicant should not change the par value of its common stock to \$10 per share. Wm. F. Raber, President of San Diego Gas & Electric Company, testified that a change in the par value of the common stock of San Diego Gas & Electric Company, and its wider distribution, would not result in any material change in the personnel of the company.

Any and all expenses incurred by the company to provide for \$10 par value common stock, and the issue of \$10 par value common stock in exchange for common stock presently outstanding, should be charged to Account 414, Miscellaneous debits to surplus.

ORDER

San Diego Gas & Electric Company having applied to the Railroad Commission for an order authorizing it to amend its Amended Articles of Incorporation, and change the par value of its common stock, and the Commission having considered the matter and being of the opinion that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that San Diego Gas & Electric Company be, and it hereby is, authorized -

1. To amend its Amended Articles of Incorporation so as to change the par value of its common stock to \$10 per share and the authorized common stock from 150,000 shares of \$100 par value to 1,500,000 shares of \$10 par value, substantially as provided in Exhibit "C" filed in this proceeding.

2. To issue, on or before December 1, 1940, certificates for shares of \$10 par value common stock in exchange for certificates of \$100 par value common stock on the basis of ten shares of \$10 par value common stock for each share of \$100 par value common stock represented by certificates surrendered for exchange, said certificates so surrendered for exchange to be cancelled.

3. To stamp or otherwise change its certificates of stock to show the change in par value of its common stock, such stamping or changing of certificates to be effective only upon the transfer of shares.

IT IS HEREBY FURTHER ORDERED that San Diego Gas & Electric Company shall charge to Account 414, Miscellaneous debits to surplus, any and all expenses incurred by it to provide for \$10 par value common stock and issue \$10 par value common stock in exchange for common stock presently outstanding.

IT IS HEREBY FURTHER ORDERED that within ninety (90) days after the plan of Standard Gas and Electric Company for the exchange of common stock of San Diego Gas & Electric Company for notes and debentures referred to in the foregoing opinion, has been declared effective, San Diego Gas & Electric Company shall

file with the Commission, as of the latest date practical, the names of the holders of its common stock, the addresses of such holders and the number of shares of stock owned by each stockholder. San Diego Gas & Electric Company shall also file with the Commission a statement showing in detail the amount it expended to provide for the \$10 par value of common stock and the issue of \$10 par value common stock in exchange for common stock presently outstanding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this 19th day of September, 1940.

Ray L. Allen
Frank A. ...
Ray ...
H. ...
Justin J. Caseman
Commissioners.