

Decision No. 23618

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION
OF SOUTHERN COUNTIES GAS COMPANY
OF CALIFORNIA, A CORPORATION, FOR
AUTHORITY TO ISSUE \$1,500,000.00
PAR VALUE OF ITS COMMON CAPITAL
STOCK, AND TO DELIVER SAME IN
PAYMENT OF A STOCK DIVIDEND OF
LIKE AMOUNT.

Application No. 23759

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this proceeding, Southern Counties Gas Company of California, hereinafter some times referred to as applicant, asks permission to issue at par, \$1,500,000 of par value common stock, and distribute the same to its stockholders as a stock dividend.

Southern Counties Gas Company of California is a corporation, organized under the laws of the State of California. It has an authorized stock issue of \$25,000,000, divided into \$5,000,000 of 7% preferred; \$7,500,000 of 6% preferred, and \$12,500,000 of common. None of the preferred stocks are now outstanding. Of the common stock, \$8,000,000 par value is outstanding. It is all owned by the Pacific Lighting Corporation.

As of September 30, 1940, applicant reports assets and liabilities as follows:

ASSETS

<u>Investments</u>		<u>\$21,292,099.19</u>
Intangible fixed capital	\$ 152,266.93	
Tangible fixed capital	31,059,163.20	
Fixed capital under construction	91,284.29	
Miscellaneous investments	86,384.77	
		<u>2,439,969.44</u>
<u>Current and Accrued Assets</u>		
Cash	724,625.54	
Special deposits	1,900.00	
Notes receivable	7,197.35	
Accounts receivable	1,111,105.66	
Interest and dividends receivable	81.03	
Materials and supplies	592,850.29	
Miscellaneous	2,209.57	
		<u>1,070,520.87</u>
<u>Deferred Debits</u>		
Unamortized debt discount and expense	997,944.90	
Clearing or apportionment accounts	966.07	
Work in progress	15,085.78	
Prepayments	56,526.58	
Miscellaneous deferred debits (credit)	2.46	
TOTAL ASSETS		<u>\$34,902,589.50</u>

LIABILITIES

Common Capital Stock		<u>\$ 8,000,000.00</u>
First Mortgage $1\frac{3}{8}\%$ bonds, due May 1, 1968		<u>11,500,000.00</u>
<u>Current and Accrued Liabilities</u>		<u>1,747,392.41</u>
Accounts payable	\$ 588,685.83	
Consumers' deposits	74,289.06	
Miscellaneous current liabilities	45.00	
Taxes accrued	856,686.71	
Interest accrued	215,625.00	
Miscellaneous accrued liabilities	11,460.81	
		<u>228,326.96</u>
<u>Deferred Credits</u>		
Consumers' advances for construction	148,828.89	
Miscellaneous deferred credits	79,498.07	
		<u>9,669,868.41</u>
<u>Reserves</u>		
Depreciation reserve	9,005,632.74	
Casualty and insurance reserve	448,501.15	
Miscellaneous reserves	215,734.52	
		<u>3,757,001.72</u>
<u>Surplus</u>		<u>3,757,001.72</u>
TOTAL LIABILITIES		<u>\$34,902,589.50</u>

It will be observed that applicant reports a surplus of \$3,757,001.72. It alleges, and applicant's financial statement indicates, that more than \$1,500,000 of its surplus has been invested in its fixed capital accounts. We have, therefore, no objection to the issue of \$1,500,000 of common stock to reimburse applicant's treasury because of earnings invested in its properties. Upon the distribution of the stock to its stockholders, \$1,500,000 will be charged to surplus.

O R D E R

Southern Counties Gas Company of California having asked permission to issue \$1,500,000 par value of its common capital stock for the purpose indicated in the foregoing opinion, the Commission having considered applicant's request, and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required for the purpose specified in this order, that the expenditures for such purpose are not in whole, or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED that Southern Counties Gas Company of California may, on and after the date hereof and prior to December 31, 1940, issue, at not less than par, \$1,500,000 par value of its common capital stock for the purpose of reimbursing its treasury because of income expended for the acquisition of properties, and thereafter distribute said stock to its stockholders as a stock dividend.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of said stock, Southern Counties Gas Company of California shall file a report showing the amount of stock issued under the authority herein granted, to whom such stock was issued, and the amount issued to each person, firm or corporation.

Dated at San Francisco, California, this 12th day of October, 1940.

Ray L. Rice
Frank Deven
Rafaela...

Justus J. Cremer
Commissioners