

Decision No. 41823

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of  
SOUTHERN CALIFORNIA GAS COMPANY for  
an order authorizing it to purchase  
all of the outstanding capital stock  
of the BLYTHE GAS CO., LTD., pursuant  
to Section 51(b) of the Public Utili-  
ties Act.

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Application  
No. 29452

O P I N I O N

In this application, Southern California Gas Company asks the Commission to issue its order authorizing Applicant to acquire all of the outstanding capital stock of Blythe Gas Co., Ltd., as contemplated by the contract filed in this application as Exhibit "C".

Blythe Gas Co., Ltd. is a corporation organized and existing under and by virtue of the laws of the State of California. It is engaged as a public utility in the business of distributing and selling butane gas in the City of Blythe and its environs. For 1947, the company reports operating revenues of \$56,818.98 and operating expenses including taxes and uncollectible revenues of \$50,162.80, leaving net operating revenues of \$6,656.18. At the end of 1947 it had 619 connected meters.

As of May 31, 1948, Blythe Gas Co., Ltd. reports assets and liabilities as follows:

Assets

Fixed capital in service	\$69,560.84	
Utility plant acquisition	<u>9,401.93</u>	\$78,962.77
Cash		2,926.16
Special deposit		538.65
Marketable securities-War Bonds		370.00
Accounts receivable		7,012.02
Materials and supplies		5,930.90
Unamortized debt expense		<u>113.62</u>
Total Assets		<u>\$95,854.12</u>

Liabilities

Common stock	\$19,750.00	
Preferred stock	<u>3,075.00</u>	\$22,825.00
Long term debt		11,100.00
Notes payable		4,900.00
Vouchers payable		4,890.75
Accounts payable		2,117.13
Consumers' deposits		2,539.03
Taxes accrued		257.65
Interest accrued		92.50
Advances for construction		845.00
Reserve for depreciation		14,514.31
Reserve for taxes		103.69
Reserve for uncollectible accounts		130.29
Paid in surplus		6,045.48
Surplus		<u>25,493.29</u>
Total Liabilities		<u>\$95,854.12</u>

Blythe Gas Co., Ltd. has 790 shares of common stock, (par value of \$25 per share) and 123 shares of preferred stock (par value of \$25 per share) outstanding. The outstanding shares of stock are owned by the following:

<u>Name of Owner</u>	<u>Preferred Stock</u>	<u>Common Stock</u>
Estate of L. R. Lackey	19	405
Doris E. Lackey	20	244
Florence N. Lackey	80	92
Helen Thomson	4	29
John A. Brown	<u>-</u>	<u>20</u>
Total	<u>123</u>	<u>790</u>

The stockholders of Blythe Gas Co., Ltd. have agreed to sell all of the outstanding capital stock of the company to

Southern California Gas Company for \$130,000, subject to the provisions of the contract filed in this application as Exhibit "C". It is of record that the \$130,000 which Applicant has agreed to pay for the capital stock was the result of arms-length negotiations. Applicant reports that its investigations have convinced it that the Blythe Gas Co., Ltd. service area has good possibilities for expansion of its gas business and that Applicant is justified to pay \$130,000 for the capital stock.

It is the intention of Southern California Gas Company, as soon as practical after it acquires the outstanding stock of Blythe Gas Co., Ltd., to cause the butane gas distribution pipeline system in the City of Blythe and vicinity to be converted to the service of natural gas, and to extend natural gas service wherever it is economically feasible. It is estimated that if this conversion had been in effect during 1947, consumers of Blythe Gas Co., Ltd. would have saved more than \$17,000 for the reason that the proposed rates to be charged for natural gas are substantially lower than rates for butane gas of equivalent heating value. It is the intention of Applicant to cause the same natural gas rates to be charged in the Blythe service area as are proposed for the Imperial Valley Division of Southern California Gas Company's system. In Exhibit "D", Applicant estimates its gross revenue for initial (full) year of natural gas service in the Blythe service area at \$99,690.00.

While it is recited in Applicant's petition that if the Commission authorizes the purchase of all of the outstanding capital stock of Blythe Gas Co., Ltd. by Southern California Gas Company it is planned to lease the pipeline distribution system

to Southern California Gas Company, this application does not contain any request for permission to lease said pipeline distribution system.

The acquisition of the capital stock of Blythe Gas Co., Ltd. by Southern California Gas Company should result in a benefit to the public service.

The action taken herein shall not be construed to be a finding of the value of the properties of Blythe Gas Co., Ltd., or of the capital stock of that company.

O R D E R

The Commission having considered this application and being of the opinion that there is no need to hold a hearing thereon, and that the application should be granted, therefore,

IT IS HEREBY ORDERED that Southern California Gas Company be, and it is hereby, authorized to purchase and hold all of the outstanding capital stock of Blythe Gas Co., Ltd., such purchase to be made pursuant to the terms of the contract on file in this application as Exhibit "C".

IT IS HEREBY FURTHER ORDERED that this order is effective ten (10) days after the date hereof.

Dated at San Francisco, California, this 7<sup>th</sup> day of July, 1948.

*R. F. Anderson*  
*James J. C. ...*  
*W. H. ...*  
*Harold K. ...*  
*Samuel P. ...*  
Commissioners