

ORIGINAL

Decision No. 55450

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC LIGHTING GAS SUPPLY COMPANY,
a corporation, for an order author-
izing it to issue and sell 400,000
shares of its Common Stock at the
par value of \$25 a share, aggregating
\$10,000,000, under the provisions of
Section 318 of the Public Utilities
Code of the State of California.

Application No. 39399

O P I N I O N

Pacific Lighting Gas Supply Company, a corporation, has filed this application for authorization to issue and sell, at par, 400,000 shares of its common stock, of the par value of \$25 each and of the aggregate par value of \$10,000,000, for the purpose of paying outstanding indebtedness and of financing the cost of additions and improvements.

Applicant is a California corporation which has been engaged, since January 1, 1953, in purchasing, compressing, transporting, storing, exchanging and selling natural gas to Southern California Gas Company and Southern Counties Gas Company of California, affiliated corporations, for resale by them. It presently has outstanding 1,200,000 shares of common stock (\$30,000,000 par value), all of which are held by Pacific Lighting Corporation, and it proposes to sell the additional shares of stock, which are covered by this application, to Pacific Lighting Corporation pursuant to the preemptive rights accorded the shareholder by the applicant's articles of incorporation.

The purpose of the new financing is to enable applicant to liquidate advances by Pacific Lighting Corporation which have been utilized by applicant for the acquisition of property or for the construction, completion, extension or improvement of its facilities and to provide, in part, the cost of additional improvements during 1957. Applicant reports that its borrowings from its parent company amounted to \$3,608,291 on July 31, 1957, and would increase subsequent to that date. Upon receiving authorization to issue and sell its shares, it intends to discharge its indebtedness and to apply the remaining proceeds, if any, to meet, in part, construction costs during the remainder of the year. According to Exhibit C, its total expenditures for 1957 will aggregate \$11,876,000.

A financial statement filed as Exhibit B shows, as of July 31, 1957, that applicant's net investment in gas plant and in other physical properties amounted to \$35,683,390, after deducting the related depreciation reserves, and that it had financed itself, as of that date, primarily with moneys advanced by Pacific Lighting Corporation and represented by the current liabilities of \$3,608,291 and by common stock equity capital of \$31,134,237. The exhibit further indicates that the book value of the presently outstanding shares is approximately \$26 each.

From a review of the verified application, it appears that applicant should be authorized to issue additional shares of common stock to liquidate its indebtedness to Pacific Lighting Corporation and to provide a portion of its 1957 capital requirements. Accordingly, we will enter an order approving the application.

The approval herein given is for the issue of securities only and is not indicative of amounts to be included in a rate base for the purpose of determining just and reasonable rates.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Lighting Gas Supply Company may issue not exceeding 400,000 shares of common stock of the par value of \$25 each and offer and sell such shares, at par, to Pacific Lighting Corporation for the purposes set forth in this application.

2. Pacific Lighting Gas Supply Company shall file with the Commission a monthly report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 20th day of October, 1957.

Paul E. Kerschel
President
Raymond W. Lister
Michael J. ...
R. ...
C. ...
Commissioners