

ORIGINAL

Decision No. 64490

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA, a corporation, for an order authorizing it to issue and sell 100,000 shares of its Common Stock at the par value of \$100 a share, aggregating \$10,000,000, under the provisions of Section 818 of the Public Utilities Code of the State of California.

Application No. 44853  
Filed October 11, 1962

O P I N I O N

In this proceeding, Southern Counties Gas Company of California seeks authorization to issue 100,000 shares of its common stock, of the aggregate par value of \$10,000,000, and to sell said shares, at par, to Pacific Lighting Corporation, the holder of all its presently outstanding stock, pursuant to the pre-emptive rights granted by applicant's Articles of Incorporation.

Applicant proposes to use the proceeds to be obtained from the sale of its shares to liquidate amounts owed to Pacific Lighting Corporation, which it estimates will amount to \$9,600,000 by the end of November, and to finance, in part, the cost of acquiring property and of constructing, completing, extending and improving its

facilities to meet the demands of customers in its service area. The company reports that its 1962 plant budget amounts to \$19,760,000 and that its internally generated funds will not suffice to meet its capital requirements.

Upon reviewing this proceeding, we find that applicant will have need for funds from external sources to liquidate its temporary borrowings and to meet construction costs and that the issue of the shares of common stock at this time should be authorized. In making our order in this proceeding, however, we again place applicant on notice that we will not regard the dividends paid, or to be paid, on common stock as determining or fixing the rate of return which applicant should be allowed to earn on its investment in its utility plant, or as representing the cost of money obtained through the issuance of common stock. Moreover, the authorization granted is for the issue of securities only and is not to be construed as indicative of amounts to be included in future proceedings 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 common 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 ORDERED that -

1. Southern Counties Gas Company of California may issue 100,000 shares of its common stock and offer and sell said shares to Pacific Lighting Corporation, at par, on or before December 31, 1962, said shares to be sold pursuant to the pre-emptive rights contained in applicant's Articles of Incorporation.

2. Southern Counties Gas Company of California shall use the proceeds to be received from the issue and sale of said stock to pay indebtedness to Pacific Lighting Corporation and to meet, in part, its 1962 capital requirements.

3. Southern Counties Gas Company of California shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted shall become effective twenty days after the date hereof.

Dated at San Francisco, California,  
this 7<sup>th</sup> day of NOVEMBER, 1962.

George J. Prover  
President

[Signature]

[Signature]

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Fredrick B. Hallock  
Commissioners