

ORIGINAL

Decision No. 66296

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. 45881
Filed October 21, 1963

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 \$10,600,000 by the end of November and \$16,000,000 by the end of December, 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 1963

plant budget amounts to \$19,690,000 and that its internally generated funds will not suffice to meet its capital requirements.

The Commission has considered this application and is of the opinion, and finds, that (1) applicant will have need for funds from external sources to liquidate its temporary borrowings and to meet construction costs; (2) the money, property or labor to be procured or paid for by the issue of the securities herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. 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 utility plant, or as representing the cost of money obtained through the issuance of common stock. Moreover, the authorization herein 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

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 January 31, 1964, 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 1963 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 12th day of NOVEMBER, 1963.

William La Bunde
President

W. S. [unclear]

W. [unclear]

George T. Trover

Fredrick B. Hallock
Commissioners