

ORIGINAL

Decision No. 70484

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Joint Application)
of PETROLANE-SIERRA GAS SERVICE, INC. to)
acquire utility assets, certificates,)
franchises, assume utility obligations,)
issue stock and other forms of indebt-)
edness and of VENTURA BUTANE CORPORA-)
TION (dba PETROLANE-SIERRA GAS SERVICE),)
to sell and transfer utility assets,)
certificates, franchises and to be)
relieved of utility obligations.)

Application No. 48264
Filed February 13, 1966

O P I N I O N

This is an application for an order of the Commission
(1) authorizing Ventura Butane Corporation to transfer its
public utility gas business, together with related rights and
properties, to Petrolane-Sierra Gas Service, Inc.; (2) author-
izing Petrolane-Sierra Gas Service, Inc. to issue 75,000 shares
of its \$1 par value common capital stock in exchange for the
public utility assets and certain liabilities of Ventura Butane
Corporation; and (3) granting certain incidental authority.

Ventura Butane Corporation, a California corporation
operating under the fictitious name and style of Petrolane-
Sierra Gas Service, conducts a public utility propane gas
distribution operation in and about Bridgeport, Mono County,
pursuant to authority granted by Decision No. 65915, dated
August 20, 1963, in Application No. 45543. In addition,

Ventura Butane Corporation is engaged in the non-utility business of bulk distribution of liquefied petroleum gas in various areas of the State of California. At the present time, the company has Application No. 48004 pending before the Commission for authority to construct and operate a public utility gas distribution system to serve the residents of a subdivision located near Bishop, Inyo County. Ventura Butane Corporation is a wholly-owned subsidiary of Petrolane Gas Service, Inc.

Petrolane-Sierra Gas Service, Inc., a California corporation, organized on or about February 10, 1966, has been formed for the purpose of conducting a public utility gas distribution business under the jurisdiction of this Commission.

In this proceeding, applicants propose that Ventura Butane Corporation will transfer at book value all of its public utility assets used in conducting its business in and around Bridgeport, California to Petrolane-Sierra Gas Service, Inc. in exchange for 75,000 shares of \$1 par value common capital stock of the latter, and the assumption by the latter of certain liabilities of the former. Immediately following this transaction, Ventura Butane Corporation will distribute to its sole shareholder, Petrolane Gas Service, Inc., all of the then issued and outstanding capital stock of Petrolane-Sierra Gas Service, Inc.

Applicants allege that the proposed transfer of the public utility operations of Ventura Butane Corporation to a separate wholly owned corporate subsidiary of Petrolane Gas Service, Inc. will be in the public interest and will provide for more orderly prosecution of the Commission's regulatory functions and the conduct of the business.

In this proceeding, applicants seek authority to substitute Petrolane-Sierra Gas Service, Inc. for Ventura Butane Corporation as the applicant in any other matters which the latter has pending before this Commission. Said Application No. 48004 is the only matter to which the substitution would apply.

The Commission has considered this matter and finds that: (1) there will be no change in rates or service to the public as a result of the transfer; (2) the proposed transfer will not be adverse to the public interest; (3) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein; (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; and (5) this is not the proper proceeding for authorizing the substitution of one applicant for another in Application No. 48004. On the basis of these findings we conclude that the application should be granted except as it relates to the substitution of one applicant for another in Application No. 48004, and dismissed without prejudice to the filing of an appropriate amendment in said proceeding with respect to accomplishing the substitution. A public hearing is not necessary.

In issuing our order herein, we place Petrolane-Sierra Gas Service, Inc. and its shareholder on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of the value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates. Moreover, the corporation's relationship with its parent and any other associated companies will be subject to scrutiny by the Commission from time to time. It is essential to effective regulation that complete disclosure be made of detail supporting all transactions, including those with associated companies.

O R D E R

IT IS ORDERED that:

1. Ventura Butane Corporation may sell and transfer to Petrolane-Sierra Gas Service, Inc., and the latter may purchase and acquire, all of the public utility gas business and related certificates of public convenience and necessity and other assets of the former.
2. Petrolane-Sierra Gas Service, Inc., in exchange for said business and certificates of public convenience and necessity and other assets, subject to related liabilities, may issue not to exceed \$75,000 aggregate par value of its common capital stock.
3. On or before the date of actual transfer, Ventura Butane Corporation shall refund all deposits, if any, which its public utility gas customers are entitled to have refunded. Any

unrefunded deposits of the public utility gas customers shall be transferred to and become the obligation for refund of Petrolane-Sierra Gas Service, Inc.

4. On or before the date of actual transfer, Ventura Butane Corporation shall transfer and deliver to Petrolane-Sierra Gas Service, Inc. all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred and the latter shall receive and preserve such records, memoranda and papers.

5. If the authority herein granted to transfer properties is exercised, Petrolane-Sierra Gas Service, Inc., within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Petrolane-Sierra Gas Service, Inc. shall file by advice letter in accordance with the requirements of General Order No. 96-A within five days after the effective date of transfer, a Notice of Adoption of the presently filed public utility gas tariff schedules of Ventura Butane Corporation operating under the name and style of Petrolane-Sierra Gas Service.

7. For accounting and annual report filing purposes, applicants may consummate the transfer herein authorized as of January 1, 1966.

8. Upon compliance with the terms and conditions of the transfer, Ventura Butane Corporation shall stand relieved of all further public utility obligations in connection with the operations of the public utility gas system herein authorized to be transferred.

9. Petrolane-Sierra Gas Service, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

10. Within sixty days after consummating the transfer herein authorized, Petrolane-Sierra Gas Service, Inc. shall file with the Commission a copy of the journal entry, or entries, used to record the acquisitions.

11. Insofar as it seeks authority for the substitution of Petrolane-Sierra Gas Service, Inc. for Ventura Butane Corporation in Application No. 43004, this application is dismissed without prejudice to the filing of an appropriate amendment in said proceeding.

12. The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 29th day of MARCH 1, 1966.

Fredrick B. Hollett
President
George T. Grover
Secretary
William W. Bennett
Commissioners