

ORIGINAL

Decision No. 71325

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHWEST GAS CORPORATION)
for Authority to Issue Shares)
of its Common Stock)

Application No. 48750
Filed August 29, 1966

O P I N I O N

This is an application for an order of the Commission authorizing Southwest Gas Corporation to issue and sell not to exceed 1,000 shares of its common stock having an aggregate par value of \$1,000 under the terms of a Qualified Stock Option Plan.

The application shows that on January 11, 1965, the company's shareholders approved a Qualified Stock Option Plan intended to meet the requirements of Section 422 of the Internal Revenue Code of 1954 as amended by the Revenue Act of 1964. Applicant states that on April 27, 1966, its Board of Directors granted David A. Griffiths, Manager of Industrial Sales, a stock option in the amount of 1,000 shares of its common stock at a price of \$21.25 per share, being 100% of the market value on such date.

Information available to the Commission indicates that applicant will have need for the \$21,250 of equity funds to be derived from the exercise of such option and that it will use said funds to finance part of its capital costs.

The Commission has considered this matter and finds that: (1) the proposed issue of common stock under the

Qualified Stock Option Plan will not be adverse to the public interest; (2) 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; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders 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 applicant 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 applicant's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Southwest Gas Corporation may grant an option pursuant to its Qualified Stock Option Plan covering not to exceed 1,000 shares of its \$1 par value common stock at \$21.25 per share net to applicant, and may issue such shares upon the exercise of said option.

2. Southwest Gas Corporation may issue a greater or lesser number of shares at a greater or lesser price than

authorized in Paragraph 1 hereof in the event any adjustment in its capitalization should occur as contemplated by Article X of its Qualified Stock Option Plan, a copy of which is attached to the application.

3. Southwest Gas Corporation shall use the proceeds from the sale of such shares to finance capital costs.

4. Southwest Gas Corporation 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.

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

Dated at San Francisco, California, this 17th day of SEPTEMBER, 1966.

John E. ... President
George E. Trover
Frederick B. Holoboff
Augustor

Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.