

Decision No. 71585

**ORIGINAL**

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. 48897  
Filed October 27, 1966

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 discharge indebtedness to Pacific Lighting Corporation, which it estimates will amount to approximately \$8,000,000 at the end of this year, and to finance, in part, the cost incurred, or to be incurred, in connection with its construction and expansion program. The company reports that its 1966 and 1967 plant budgets amount to \$19,450,000 and

\$21,950,000, respectively, and that its internally generated funds will not suffice to meet its capital requirements.

The Commission has considered this matter and finds that:

(1) the proposed issue of shares of common stock is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the common stock 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 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. Southern Counties Gas Company of California, on or before June 30, 1967, may issue and sell to its present shareholder, at par, not to exceed 100,000 additional shares of

its common stock for the purposes set forth in this proceeding.

2. Within three months after such issue and sale, Southern Counties Gas Company of California shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the stock proceeds were used.

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

Dated at San Francisco, California, this

24th day of NOVEMBER, 1966.

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President  
*Fredrick B. Hillhoff*  
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*Wallace M. ...*  
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*...*  
\_\_\_\_\_  
Commissioners

Commissioner George G. Grover did not participate in the disposition of this proceeding.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.