

Decision No. 74344

ORIGINAL

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. 50296
Filed June 10, 1968

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 15,400 shares of its \$1 par value common stock for a total price of \$352,515 under the terms of a Qualified Stock Option Plan.

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. By Decision No. 71325, dated September 27, 1966, in Application No. 48750, the Commission authorized applicant to grant an option pursuant to the plan covering 1,000 shares of its common stock at a price of \$21.25 per share, and to issue such shares upon the exercise of said option.

With respect to additional shares of its common stock pursuant to said plan, the utility reports that its Board of Directors, subject to authorization by this Commission, granted stock options (a) on April 24, 1967, to twenty individuals covering 11,900 shares at a price of \$23.75 per share,

(b) on December 5, 1967, to one individual covering 1,000 shares at a price of \$21.94 per share, and (c) on April 22, 1968, to one individual covering 2,500 shares at a price of \$21.53 per share. In each instance the price is 100% of the reported market value of applicant's common stock on the respective dates.

Funds derived from the sale of stock pursuant to said options will be applied to one or more of the purposes specified in Section 317 of the Public Utilities Code.

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 purposes specified herein; and (3) such purposes are 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 options pursuant to its Qualified Stock Option Plan covering not exceeding 11,900 shares of its common stock at \$23.75 per share, 1,000 shares at \$21.94 per share, and 2,500 shares at \$21.58 per share, all prices being net to applicant, and may issue such shares upon the exercise of said options.
2. Southwest Gas Corporation may issue a greater or lesser number of shares at greater or lesser prices than authorized in Paragraph No. 1 hereof in the event any adjustment in its capitalization should occur as contemplated in Article X of its Qualified Stock Option Plan, a copy of which is attached to the application as a part of Exhibit B.
3. Southwest Gas Corporation shall apply the proceeds from the sale of such shares to one or more of the purposes referred to in the application and to no other purpose.
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 2nd day of JULY, 1968.

[Signature]
President
[Signature]
Augator
[Signature]
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Commissioners