

ORIGINAL

Decision No. 75628

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)	
)	
of SOUTHWEST GAS CORPORATION)	
)	Application No. 50988
for Authority to Issue and Sell)	Filed April 4, 1969
226,000 Shares of Common Stock,)	
and for Exemption from Competitive)	
Bidding)	
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O P I N I O N

Southwest Gas Corporation requests an order of the Commission authorizing it to issue not exceeding 226,000 shares of its \$1 par value common stock, together with subscription rights and subscription warrants.

Applicant is a California corporation engaged in the business of distributing and selling natural gas in portions of Placer and San Bernardino counties in California. In addition, the company transmits, sells and distributes natural gas in portions of the States of Arizona and Nevada. For the year 1968 the company reports total operating revenues of \$29,256,058 of which \$4,008,815 were derived from its California operations. The utility's reported assets and liabilities as of February 28, 1969, as summarized from Exhibit A, attached to the application, are as follows:

Assets

Net utility plant	\$72,281,411
Other property and investments	3,800,026
Current and accrued assets	9,012,575
Deferred debits	<u>4,115,679</u>
Total	<u>\$89,209,691</u>

Liabilities

Common stock equity	\$20,051,604
Preferred stock	7,118,700
Long-term debt	40,070,000
Notes payable	10,500,000
Other current and accrued liabilities	8,681,266
Deferred credits	1,698,916
Contributions in aid of construction	<u>1,089,205</u>
Total	<u>\$89,209,691</u>

The utility proposes to offer not exceeding 226,000 shares of its common stock, together with rights represented by warrants, to the holders of its outstanding common stock on a record date to be established. Such holders will receive one right for each share held on the record date. Ten rights will be required in order to subscribe for each share of common stock, and fractional shares will not be issued. The subscription price will approximate 10% below the market price.

Applicant estimates that the net proceeds to be derived from the proposed common stock issue will approximate \$3,842,000 before payment of an estimated \$50,000 for underwriting commissions and other expenses related to the offering. The net proceeds will be used for reducing short-term borrowings from banks and reimbursing the company's treasury for capital expenditures.

After consideration the Commission finds that:

1. The proposed stock issue is for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in this proceeding.
3. The proposed terms pertaining to the offering are reasonable.
4. 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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing 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. On or after the effective date hereof and on or before December 31, 1969, Southwest Gas Corporation may issue and sell not exceeding 226,000 shares of its \$1 par value common stock, together with rights and warrants, to the holders of its common stock and to the general public, all as specified in the application filed in this proceeding. The price per share shall not be lower than 10% below the latest available quoted bid price of applicant's common stock on the over-the-counter market on the day the offering of the common stock commences or, if different, on the day the Underwriting Agreement is signed.
2. Southwest Gas Corporation shall use the proceeds from the sale of such stock for the purposes set forth in this proceeding.
3. Within thirty days after issuing the stock herein authorized, Southwest Gas Corporation shall file with the Commission three copies of its prospectus and a report showing the number of outstanding shares of its common stock on the record date, the number of shares subscribed by its shareholders, by others upon purchase of rights to subscribe, and by underwriters. Such report shall be filed in lieu of a report under General Order No. 24-B.
4. Within six months after issuing the stock herein authorized, Southwest Gas Corporation shall file with the Commission a report showing the expenses incurred in connection with the

issue and sale of the common stock herein authorized and the account, or accounts, to which such expenses were charged.

5. The effective date of this ordering paragraph is the date hereof. In all other respects the effective date of this order shall be May 5, 1969, being the effective date of Decision No. 75556 excluding equity securities from the Commission's competitive bidding rule.

Dated at San Francisco, California,
this 2nd day of MAY, 1969.

William Lyness J.
President

Augustin

John P. Monahan

[Signature]

Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.