

Decision No. 76969

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of	)	
SOUTHWEST GAS CORPORATION	)	Application No. 51749
	)	Filed March 5, 1970
For Authority to Issue Shares	)	
of its Common Stock	)	
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O P I N I O N

Southwest Gas Corporation seeks an order of the Commission authorizing it to issue and sell 7,000 shares of its \$1 par value common stock under the terms of a Qualified Stock Option Plan.

The application shows that on January 11, 1965, the utility'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 Section 421 of the Revenue Act of 1964. Applicant states that on October 27, 1969, its Board of Directors granted stock options to seven individuals covering 7,000 shares of its common stock at a price of \$15.75 per share, being 100% of the fair market value on such date.

Funds derived from the sale of stock pursuant to said options will be applied to one or more of the purposes specified in Section 817 of the Public Utilities Code.

After consideration the Commission finds that: (1) the proposed issue of common stock under the Qualified Stock Option Plan would 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 granted 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 7,000 shares of its common stock at \$15.75 per share, and may issue such shares upon the exercise of said options.

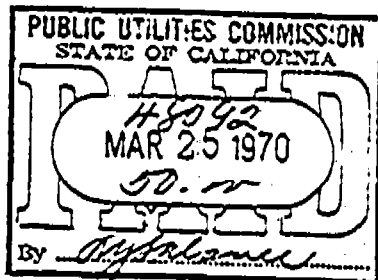
2. Southwest Gas Corporation may issue a greater or lesser number of shares at a greater or lesser price than authorized in Paragraph No. 1 hereof in the event any adjustment in its capitalization should occur as contemplated in Section X of its Qualified Stock Option Plan, a copy of which is attached to the application as 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. This order shall become effective when Southwest Gas Corporation has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50.

Dated at San Francisco, California,  
this 24<sup>th</sup> day of MARCH, 1970.



William J. Sproule Jr.  
President

[Signature]

[Signature]

Vernon L. Sturgeon  
Commissioners

- Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.