

ORIGINAL

Decision No. 80749

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application No. 53671
(Filed October 30, 1972)

O P I N I O N

Southwest Gas Corporation seeks authority to issue and sell 31,500 shares of its \$1 par value common stock under the terms of a Qualified Stock Option Plan.

The application shows that on January 13, 1970, the utility's shareholders approved a Qualified Stock Option Plan intended to meet the requirements of Section 422 of the Internal Revenue Code. Applicant states that on July 27, 1970, its Board of Directors granted stock options to 37 individuals covering 30,000 shares of its common stock at a price of \$14.44 per share, and that on July 24, 1972, its Board of Directors granted a stock option to another individual covering 1,500 shares of its common stock at a price of \$14.69 per share. The foregoing prices per share were based on 100% of the fair market value on the day of the grant.

Funds derived from the sale of stock pursuant to said options would 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 the 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 1969 Qualified Stock Option Plan covering not exceeding 30,000 shares of its common stock at \$14.44 per share and not exceeding 1,500 shares of its common stock at \$14.69 per share, and may issue such shares upon the exercise of said options.

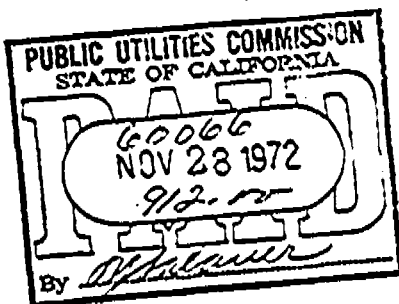
2. Southwest Gas Corporation may issue a greater or lesser number of shares at greater or lesser prices in the event any adjustment in its capitalization should occur as contemplated in Section X of its 1969 Qualified Stock Option Plan, a copy of which is attached to the application as Exhibit B.

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 fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$912.

Dated at San Francisco, California, this 21st day of NOVEMBER, 1972.



L. Statain

R. B. ...
Commissioner

Vernon L. Stenger
President
William ...

...
Commissioners