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82677

Decision No. 82677

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of)
SOUTHWEST GAS CORPORATION)
For Authority to Issue 54,000)
Shares of its Common Stock Pursuant)
to Its Qualified Stock Option Plans.)

Application No. 54686
(Filed February 25, 1974)
Amended Application
(Filed March 14, 1974)

O P I N I O N

Southwest Gas Corporation seeks authority to issue and sell 54,000 shares of its \$1 par value common stock under the terms of Qualified Stock Option Plans.

The amended application shows that on January 11, 1965, the utility's shareholders approved a Qualified Stock Option Plan, and that on January 13, 1970, its shareholders approved a 1969 Qualified Stock Option Plan, both of which plans were intended to meet the requirements of Section 422 of the Internal Revenue Code. According to the amended application, 65,000 shares remain available for distribution under the two plans, and on January 25, 1974 the utility's Board of Directors granted stock options to 47 individuals covering 54,000 shares of its common stock at a price of \$12.06 per share, which price per share was 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 used for the construction, completion, extension or improvement of facilities and for repaying outstanding notes.

After consideration the Commission finds that: (1) the proposed common stock under the Qualified Stock Option Plans would not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by 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 amended 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 it 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 property 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 1965 and 1969 Qualified Stock Option Plans covering not exceeding 54,000 shares of its common stock at \$12.06 per share, and may issue such shares upon the exercise of said options.

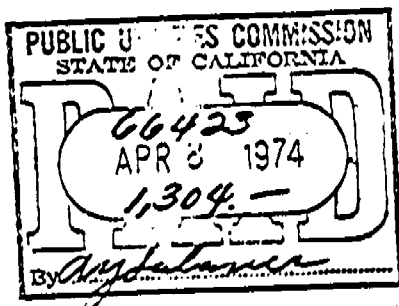
2. Southwest Gas Corporation may issue a greater or lesser number of shares at greater or lesser prices in the event any adjustment in its capitalization should occur as contemplated in Section X of its 1965 and 1969 Qualified Stock Option Plans, copies of which are attached to the amended application as Exhibits B and C, respectively.

3. Southwest Gas Corporation shall apply the proceeds from the sale of such shares to the purposes set forth in the amended application.

4. Southwest Gas Corporation shall file with the Commission the reports 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 \$1,304.

Dated at San Francisco, California, this 2nd day of April, 1974.



Vermon L. Stinson
President
William J. Hughes
M. J. Martin
John W. Grier
Samuel D. ...
Commissioners