

Decision No. 82969**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA GAS COMPANY, a)	
corporation, for an order authorizing)	Application No. 54830
it to issue and sell 1,400,000 shares)	(Filed May 16, 1974)
of its Common Stock at the par value)	
of \$25 a share, aggregating \$35,000,000.)	

O P I N I O N

Southern California Gas Company seeks authority to issue and sell 1,400,000 shares of its common stock, for cash, at the par value of \$25 per share to Pacific Lighting Corporation.

Applicant is a California corporation engaged in the purchase, transmission, storage, distribution and sale of natural gas in portions of central and southern California. All of its outstanding shares of common stock are held by Pacific Lighting Corporation.

The company proposes to issue and sell 1,400,000 shares of its \$25 par value common stock to its parent company at par for cash, and to use the proceeds to repay a portion of its short-term indebtedness to said parent company. Such indebtedness was incurred for the utility's construction and expansion program, and is estimated to exceed \$68,000,000 at the time of the proposed issue and sale of shares of common stock.

Applicant's reported capital ratios at March 31, 1974, and as adjusted to give effect to the proposed stock issue, are as follows:

	<u>March 31, 1974</u>	<u>Pro forma</u>
Bonds	49.7%	47.6%
Preferred stock	2.8	2.7
Common stock equity	<u>47.5</u>	<u>49.7</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock would be for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein, which purpose is 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 Pacific Lighting Corporation 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 the company'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:

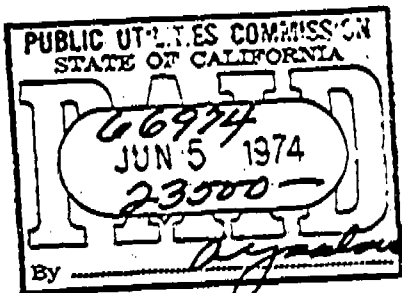
1. Southern California Gas Company may issue and sell not exceeding 1,400,000 shares of its common stock, for cash, at the par value of \$25 each to Pacific Lighting Corporation.

2. Southern California Gas Company shall apply the proceeds of the issuance and sale of said 1,400,000 shares of common stock to repay a portion of its short-term indebtedness to Pacific Lighting Corporation.

3. Southern California Gas Company shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. This order shall become effective when Southern California Gas Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$23,500.

Dated at San Francisco, California, this 5th day of
JUNE, 1974.



Vernon L. Sturgeon
President
William J. Brown
William J. Brown
William J. Brown
William J. Brown
Commissioners