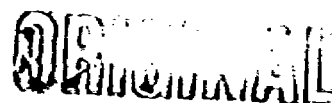


ENERGY/RHG

Decision 98-12-015 December 3, 1998



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHWEST GAS CORPORATION U-905-G, )  
for authority to: (1) issue and sell one or more )  
series of Debt Securities not to exceed )  
\$250,000,000; (2) issue and sell one or more series )  
of Preferred and/or Preference Stock not to exceed )  
\$50,000,000; and (3) issue and sell up to 3,000,000 )  
shares of its \$1 par value Common Stock. )

Application 92-11-037  
Petition for Modification  
(Filed October 6, 1998)

SUPPLEMENTAL OPINION

Summary of Decision

This decision grants Southwest Gas Corporation (Southwest) the authority requested in its Petition for Modification of Decision (D.) 93-02-008, as modified by D.95-08-038 and D.96-11-013 (Petition).

Notice of the filing of the Petition appeared on the Commission's Daily Calendar of October 9, 1998. No protests have been received.

Pursuant to Rule 47 of the Commission's Rules of Practice and Procedure, Southwest seeks to have an extension of the expiration date of D.93-02-008, as modified, from December 31, 1998 to December 31, 1999.

Background

Southwest, a California corporation, is a public utility under the jurisdiction of this Commission, and is primarily engaged in the business of distributing and selling natural gas in certain portions of San Bernardino, El Dorado, Placer and Nevada Counties, California. Southwest is also engaged in the intrastate transmission, sale, and distribution of natural gas as a public utility in certain portions of the states of Nevada and Arizona and is a "natural gas company," within the meaning of the Natural Gas Act, subject to the jurisdiction of the Federal

Energy Regulatory Commission with respect to interstate transmission facilities and sales of natural gas for resale on its northern Nevada system.

D.93-02-008 dated February 3, 1993 authorized Southwest to (1) issue Debt Securities in an aggregate amount not to exceed \$250,000,000, (2) issue and sell, in one or more series, Preferred and/or Preference Stock in an aggregate amount not to exceed \$50,000,000, and (3) issue, sell and deliver up to 3,000,000 shares of its Common Stock by public or private offering or upon the exercise of conversion rights or other rights or warrants related to any securities authorized to be issued. The Commission in D.96-11-013 dated November 6, 1996 extended the effectiveness of the authority granted in D.93-02-008, as modified, from December 31, 1996 to December 31, 1998.

Modification Sought

Southwest seeks to extend the authorization in D.96-11-013 with respect to the issuance and sale of Preferred and/or Preference Stock and Common Stock until December 31, 1999.

Changing financial markets and Southwest's financial condition have dictated the financing options used by Southwest since the initial grant of authority in D.93-02-008, as modified. Through this Petition, Southwest states that it would have a broad complement of financing options if its unused authority is extended through December 31, 1999.

In addition, D.97-05-037 granted Southwest the authority to issue Debt Securities in an aggregate principal amount not exceeding \$251,000,000; one or more series of Preferred Stock not exceeding \$60,000,000; and 6,000,000 shares of Southwest's \$1 par value Common Stock.

With the remaining authority under D.93-02-008, as modified (\$40,000,000 Preferred and/or Preference Stock; 462,500 shares of Southwest's \$1 par value Common Stock) and D.97-05-037, Southwest would have the ability to issue either debt or equity securities at sufficient levels to address its external financing requirements from now through 1999.

As required under D.93-02-008, as modified, we expect Southwest to apprise the Commission pursuant to General Order (G.O.) Series 24, on the receipts and disbursements arising under this authorization extending the effective date.

We approve Southwest's Petition in this order.

**Findings of Fact**

1. The proposed extension of time to December 31, 1999, during which Southwest may issue \$40,000,000 Preferred and/or Preference Stock and 462,500 shares of Southwest's \$1 par value Common Stock would be for proper purposes and would not be adverse to the public interest.

2. D.93-02-008, as modified, required Southwest to file on or before the 25<sup>th</sup> day of each month, the reports required by G.O. Series 24.

3. Notice of the filing of the Petition appeared on the Commission's Daily Calendar of October 9, 1998. There is no known opposition to the Petition, and the authority requested should be granted.

**Conclusions of Law**

1. A public hearing is not necessary.
2. The Petition should be granted to the extent set forth in the order which follows.
3. The following order should be effective on the date of signature.

**SUPPLEMENTAL ORDER**

**IT IS ORDERED that:**

1. The authority granted to Southwest Gas Corporation by Decision (D.) 93-02-008, as modified by D.95-08-048 and D.96-11-013, is modified to extend the period of authorization to December 31, 1999.

2. The Petition is granted as set forth above.

3. In all other respects, D.93-02-008, as modified, remains in full force and effect.

This supplemental order is effective today.

Dated December 3, 1998, at San Francisco, California.

**RICHARD A. BILAS**  
President  
**P. GREGORY CONLON**  
**JESSIE J. KNIGHT, JR.**  
**HENRY M. DUQUE**  
**JOSIAH L. NEEPER**  
Commissioners