

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

Washington 25, D.C.

FOR RELEASE February 19, 1957

Owens-Corning Fiberglas Corporation (Toledo) filed a registration statement (File 2-13097) with the SEC on February 18, 1957, seeking registration of 300,000 shares of its \$1 par Common Stock. The stock is to be offered for public sale through an underwriting group headed by Goldman, Sachs & Co., Lazard Freres & Co., and White, Weld & Co. The offering price is to be a fixed price determined by the company and the underwriters and related to the current market for the shares at the time of the offering. Underwriting terms are to be supplied by amendment.

Net proceeds of the financing will be added to the general funds of the company and used to replenish and maintain working capital and to refund interim bank borrowings in anticipation of this common stock financing. The cash resources of the company have been reduced by major capital expenditures in 1956, which approximated \$31,000,000. Further capital expenditures of \$21,000,000 in 1957 are contemplated.

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Eastern Utilities Associates (Boston) filed a registration statement (File 2013098) with the SEC on February 18, 1957, seeking registration of 89,322 Common Shares, \$10 par. EUA proposes to offer these shares for subscription by holders of its outstanding common shares of record on March 20, 1957, at the rate of one new share for each twelve shares then held. EUA will determine the offering price and invite competitive bids for the underwriting of the offering.

Net proceeds will be used by EUA to purchase common and capital stocks of its subsidiaries, as follows: Blackstone Valley Gas and Electric Company, 10,738 shares; Brockton Edison Company, 18,092 shares; and Fall River Electric Light Company, 12,959 shares. The subsidiaries will use the proceeds from the sale of their shares to make partial prepayment of short-term bank loans made for construction purposes.

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Spokane Natural Gas Company (Spokane, Wash.) filed a registration statement (File 2-13099) with the SEC on February 18, 1957, seeking registration of 135,315 shares of its \$1 par Common Stock. The company proposes to offer the stock for subscription by holders of its outstanding common at the rate of one new share for each three shares held. The subscription price and underwriting terms are to be supplied by amendment. White, Weld & Co. is named as the principal underwriter.

Net proceeds of the sale of the common shares, together with \$1,500,000 of Unsecured Bank Loans to be made under its 1957 credit agreement and \$350,000,

representing the balance of funds available under the 1956 credit agreement, will be applied to the company's 1957 construction program.

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Montreal Transportation Commission (Canada) today filed a registration statement (File 2-13100) with the SEC seeking registration of \$9,000,000 of Sinking Fund Debentures, 1957 issue, due March 15, 1977, guaranteed as to principal, interest and sinking fund retirements by The City of Montreal. The debentures are to be offered for public sale through an underwriting group headed by Shields & Company, Halsey, Stuart & Co. Inc., and Savard & Hart. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds from the sale of the debentures, together with other funds of the Commission, will be applied to its 1957 modernization program as follows: (a) for the purchase of 280 autobuses at a cost estimated at approximately \$7,200,000; (b) for the construction of an employees' depot and a garage for the operation and maintenance of autobuses, which, including the purchase of land, is expected to cost about \$1,750,000; and (c) for conversion of the St. Henry's shed, now used for tramways, into an autobus service garage at a cost expected to approximate \$540,000.

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Pioneer Natural Gas Company, Amarillo, Texas, today filed a registration statement (File 2-13101) with the SEC seeking registration of \$12,500,000 of Sinking Fund Debentures due 1977, to be offered for public sale through an underwriting group headed by Eastman Dillon, Union Securities & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Simultaneously with the issuance and sale of the debentures, Pioneer proposes to issue and sell to certain institutional investors \$13,500,000 of First Mortgage Bonds, Series A, 4½% due 1974 and \$8,500,000 of First Mortgage Bonds, Series B, 4½% due 1982. Approximately \$29,000,000 of the net proceeds of the sale of debentures and bonds will be used to prepay Pioneer's 3-3/8% Sinking Fund Debentures due 1974, outstanding in the principal amount of \$13,500,000, and bank loans outstanding in the amount of \$15,500,000 due in 1957. The balance of the proceeds will be added to the general funds of Pioneer.

Pioneer intends to use the balance of such proceeds (a) to finance the construction in 1957 by Pioneer Gathering System, Inc., of a pipeline gathering system, expenditures for which are estimated at \$4,200,000 for that year; (b) to finance the 1957 drilling and exploration program of Pioneer Production Corporation, budgeted at \$900,000; and (c) together with funds generated from operations, to finance other capital expenditures budgeted for 1957 in the amount of \$3,500,000, which are principally for the purpose of meeting the expanding transmission and distribution requirements of Pioneer.

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West Penn Power Company, Hempfield Township, Westmoreland County, Pa., today filed a registration statement (File 2-13102) with the SEC seeking registration of approximately \$12,000,000 of its no par Common Stock. West Penn Power proposes to offer this stock for subscription by holders (other than its parent, The West Penn Electric Company, of New York) of its outstanding common stock of record at the close of business March 21, 1957. The rate of subscription and the subscription price are to be supplied by amendment. The parent company has agreed to purchase at the subscription price all of the additional shares not subscribed for through the exercise of subscription warrants. The parent company owns of record and beneficially 2,565,883 shares (being 72.843%) and beneficially but not of record 780,485 shares (being 22.157%) of the outstanding shares of West Penn Power common.

West Penn Power's construction expenditures for 1957 and 1958 are estimated at \$61,000,000. To carry out this construction program the company expects to use its cash resources, the proceeds of this common stock financing, and the proceeds from the issue in 1957 of about \$20,000,000 of senior securities.

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Philadelphia Suburban Water Company, Bryn Mawr, Pa., today filed a registration statement (File 2-13103) with the SEC seeking registration of \$4,000,000 of First Mortgage Bonds, due 1987, and 20,000 shares of \$100 par Preferred Stock. The securities are to be offered for public sale through an underwriting group headed by Drexel & Co. The interest and dividend rates, public offering prices, and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the bonds and preferred stock will be applied to the payment of \$3,500,000 of bank loans incurred to finance a portion of the company's construction program, and toward the cost of property additions and improvements. The company expects its construction expenditures to amount to \$5,535,000 in 1957 and \$4,214,000 in 1958.

Holding Company Act Release No. 13387

The SEC today announced the issuance of an order authorizing The West Penn Electric Company, New York, to issue and sell, through an underwritten offering to its stockholders, 528,000 additional shares of its \$5 par common stock, at the rate of 1 additional share for each 16 shares held on the record date. Warrants evidencing such subscription rights are to be issued on or about February 27th to stockholders of record at the close of business on the day before. West Penn will use the net proceeds of its stock sale to purchase additional common stock of its subsidiary companies in the approximate amount of \$13,400,000. The subsidiaries will use such funds together with other cash resources and the proceeds from the sale of about \$34,000,000 of senior securities, to finance their construction programs during 1957 and 1958, estimated at \$101,500,000.

The SEC also authorized The Potomac Edison Company, Frederick and Hagerstown, Md. subsidiary of West Penn, to increase its authorized shares of common stock from 800,000 to 1,500,000 shares. Action was deferred on Potomac's proposal to

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issue and sell an additional 100,000 common shares to West Penn for \$2,000,000 was deferred by the Commission pending further orders of authorization by the Maryland Public Service Commission and the Interstate Commerce Commission.

Investment Company Act Release No. 2489

The SEC today announced the issuance of a decision permitting the payment of \$150,000 of fees for services rendered in connection with the 1955 sale of certain assets of General Industrial Enterprises, Inc., of Philadelphia.

The fees in question are payable to Drexel & Co., of Philadelphia, and Philip A. Roth, of New York, in the amount of \$75,000 each. General (formerly The Midvale Company) is controlled by Baldwin Securities Corporation, Philadelphia investment company. Drexel is an investment banker. One of its partners, Edward Hopkinson, Jr., and Roth are directors of both General and Baldwin. Because of the intercompany affiliations, the fee payments are prohibited by the Investment Company Act unless the Commission finds an exemption in the public interest and consistent with the protection of investors.

Because of a downward trend in its sales and indications that the trend would continue, General's management authorized discussions looking to a merger, sale of assets, or other arrangements which would resolve the company's difficulties. After various unsuccessful discussions and negotiations by Hopkinson and Roth, conducted for two years prior to August 1955, they entered into negotiations in August 1955 which resulted in a purchase agreement dated December 2, 1955, for the sale of General's assets to Midvale-Heppenstall Company, of Philadelphia, for a base consideration of \$6,100,000, subject to stockholder approval. The transaction was consummated December 30, 1955, after objecting stockholders had lost a court action to enjoin its consummation.

Payment of the \$150,000 in fees to Drexel and Roth was opposed before the Commission by certain stockholders of Baldwin and General. They contended among other things that Hopkinson and Roth did nothing more than they should have done as officials of Drexel and that, in any event, the fees requested were excessive.

After reviewing the evidence and the various contentions of the objecting stockholders as well as the arguments advanced in opposition thereto by the applicant companies and Roth, the Commission concluded that the requested exemption was appropriate in the public interest and consistent with the protection of investors, and that the compensation proposed to be paid is reasonable and fair and does not involve overreaching. In reaching this decision, the Commission stated, "we have given consideration to the extraordinary and extensive character of the services performed and the necessity therefor, the modest compensation received by Hopkinson and Roth as officers and directors of Baldwin and General during the period of their special services, and the circumstances which dictated the inadvisability of employing outside persons to negotiate and effectuate a satisfactory resolution of the problems faced by General."

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Selected American Shares, Inc., Wilmington, Del. investment company, filed an amendment on February 18, 1957 to its registration statement (File 2-10699) seeking registration of additional 297,500 shares of Common Capital Stock, \$1.25 par value.

ADDENDUM TO NEWS DIGEST OF FEBRUARY 18, 1957

Securities Exchange Act Release No. 5455

The Securities and Exchange Commission announced today the entry of an order and notice of hearing under Section 19(a)(2) of the Securities and Exchange Act of 1934 to determine whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding twelve months, or to withdraw, the registration on the San Francisco Mining Exchange of the common stock of Operator Consolidated Mines Company, a Nevada corporation.

The basis for the order is that the Commission has reason to believe that Operator Consolidated Mines Company made certain false and misleading statements in a Form S-K report filed with the Commission on January 10, 1957 relating to the acquisition by Operator Consolidated of certain mining claims and equipment in Inyo County, California from Ajax Tungsten Corporation. The order charges that Operator Consolidated falsely claimed an exemption from registration under the Securities Act of 1933 for 1,360,000 shares issued to California Uranium Corporation in connection with the transaction; that the value of the property acquired and the consideration paid therefor are not fully disclosed; and that it was falsely stated that there was no material existing or prior relationship between Operator Consolidated and the other companies involved except for one common officer.

The hearing, for the purpose of taking evidence with respect to the foregoing matters, is scheduled for 10:00 a.m., on March 13, 1957, in the Commission's Los Angeles Branch Office.

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