

Decision No. 13548-

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN COUNTIES GAS COMPANY)
OF CALIFORNIA TO SELL TO THE CITY)
OF LONG BEACH, a municipal corpor-) Application No. 9991
ation, its gas distributing system)
in the City of Long Beach and con-)
tiguous unincorporated territory.)

LeRoy M. Edwards, for Applicant.

BRUNDIGE, COMMISSIONER.

O P I N I O N

Southern Counties Gas Company of California applies for authority to sell its gas distributing system in Long Beach and contiguous unincorporated territory to the City of Long Beach.

For several years applicant has maintained this distributing system and supplied gas to consumers in the city and adjacent territory. With the development of the Signal Hill oil field a large supply of natural gas became available, part of it coming from wells drilled upon property owned by the City. The people of Long Beach have voted bonds for the purpose of acquiring a distribution system for the distribution of this gas and as a result of negotiations a tentative agreement was reached for the sale to the City of the gas distribution system of Southern Counties Gas Company of California.

On December 13, 1923, Southern Counties Gas Company of California filed with this Commission its application No. 9604 requesting authority to transfer certain property to the City of Long Beach but differences arose between the parties

before the agreement was finally completed. Negotiations were resumed and on April 18, 1924, the Company filed the present application No. 9991 superseding application No. 9604 and requesting authority to transfer slightly different property to the City under terms and conditions differing somewhat from those set forth in the previous application. Application No. 9604 was accordingly dismissed by Decision No. 13504, dated May 1, 1924.

The evidence in the present proceeding shows that Southern Counties Gas Company of California has agreed to transfer to the City of Long Beach its distribution system in the City and adjacent territory as more particularly described in Exhibit "A" attached to the application, for the sum of \$2,170,000. in cash, payable upon delivery. The agreement provides that the Company is to retain and continue to operate certain natural gas transmission lines through the City and appropriate provisions cover the company's contracts for the purchase of gas from producers, the disposition of miscellaneous supplies and equipment and other matters incidental to the transfer of the system as a whole.

This appears to be a matter in which the duty of this Commission is to protect the interests of rate payers upon other portions of the Company's system rather than to interfere in any way in a transaction which is mutually agreeable to the Company and to the City. It may well be noted that although a public hearing was held in Los Angeles and notice thereof duly published, no one appeared to protest against the transfer as proposed.

I recommend the following form of order which authorizes the transfer of the property upon the terms and under the conditions proposed and further provides certain requirements that

appear necessary to enable this Commission to protect the interests of consumers upon other portions of the Company's system.

O R D E R

Southern Counties Gas Company of California having applied to the Railroad Commission for authority to sell and transfer to the City of Long Beach the properties described in Exhibit "A" attached to the application herein, upon the terms and under the conditions set forth in said Exhibit "A", a public hearing having been held, the matter being submitted and now ready for decision,

IT IS HEREBY ORDERED THAT

(1) - Southern Counties Gas Company of California be and it is authorized to transfer to the City of Long Beach its gas distributing system in said City of Long Beach and contiguous unincorporated territory as said system is more particularly described in Exhibit "A" attached to the application herein, under the terms and upon the conditions set forth in said Exhibit "A".

(2) - Before expending any of the proceeds of this sale deposited with the Authenticating Trustee under its mortgage of May 1, 1916, Southern Counties Gas Company of California shall secure from this Commission a supplemental Order authorizing the proposed expenditures.

(3) - On or before August 15, 1924, Southern Counties Gas Company of California shall file with this Commission a certified copy of the instrument by means of which the transfer herein authorized is made and a copy of Journal Entries in connection with such transfer.

(4) - The authority herein granted will become effective from the date hereof and shall cover only such transfer

as shall be made on or before July 15, 1924.

The foregoing Opinion and Order are hereby approved
and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

San Francisco, California, this 13th day of
May, 1924.

H. B. Brundage

Waring Martin

J. F. Whittier

Commissioners.