

Decision No. 91363

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of PACIFIC GAS AND ELECTRIC COMPANY,
a corporation, for an order of the
Railroad Commission of the State of
California granting to applicant a
certificate of public convenience and
necessity to construct the gas trans-
mission line therein described, and
to exercise the right, privilege and
franchise granted to applicant by
Ordinance No. 118 of the Board of Super-
visors of the County of San Benito,
and fixing and establishing fair and
reasonable rates to be charged and col-
lected by applicant from its consumers
for the natural gas service therein
referred to.

ORIGINAL

APPLICATION NO. 15697

C. P. Cutten, for Applicant.

R. L. Vaughan, for Coast Counties Gas & Electric
Company.

Thelen & Marrin, for Western Natural Gas Company.

WHITSELL, COMMISSIONER:

O P I N I O N

In this application, in which Pacific Gas and Electric Company, applicant, refers to and incorporates therein its Application No. 15602, applicant alleges that, in addition to the proposed pipe lines and project for the transmission of natural gas covered by Application No. 15602, it purposes to lay, install and maintain, from a point on its said main gas transmission main near Hollister, California, in the County of San Benito, a branch pipe line ex-

tending in a westerly direction to San Juan (application to the Railroad Commission having been made by the Coast Counties Gas and Electric Company, under its Application No. 15665, for certificate of public convenience and necessity to serve natural gas within the incorporated limits of the town of San Juan, County of San Benito), thence to applicant's gas manufacturing plant situated in the city of Salinas, County of Monterey, and thence to applicant's gas plant located in the city of Monterey, County of Monterey; said proposed pipe line to be constructed of pipe eight inches in diameter, forty-five miles in length, with a delivery capacity of eight million cubic feet of gas per day and at an estimated cost of \$500,000.

Applicant further alleges that said pipe line will be constructed on private rights-of-way and on public roads under franchises from the proper governmental divisions and agencies of the State of California; that on March 11, 1929, the Board of Supervisors of the County of San Benito, under its Ordinance No. 118, granted to applicant, its successors and assigns, for a term of fifty years, the right, privilege and franchise of laying, maintaining and using gas pipes, mains and conduits; that if it is found convenient or necessary to occupy or use any of the public highways, streets or roads in the County of Monterey, the right to the use and occupancy of which applicant does not now have, it will secure franchise therefor and make due and proper application to the Railroad Commission for the necessary right, permission and authority to exercise the same.

Applicant further alleges that the institution of natural gas service in the cities of Salinas, Monterey and Pacific Grove

and in adjacent territory (now being served by applicant with 550 B.T.U. oil gas), at such fair and reasonable rates as shall be fixed and established by the Railroad Commission, will be of great benefit and advantage to applicant's existing consumers, and will enable applicant to obtain additional gas business not now available under the present service; that its proposed project of new construction and service will not compete with any public utility, corporation or person now engaged in the business of furnishing and supplying gas service to the public, and that the certificate of public convenience and necessity prayed for in its Application No. 15697 is not for the purpose of authorizing applicant to so engage in the public utility gas business in competition with any public utility, corporation or person now engaged in conducting the business of furnishing and supplying of gas service to the public for compensation.

Applicant further alleges that the present and future public convenience and necessity require and will require the exercise by applicant of the rights, privileges and franchises referred to, and the construction of the natural gas transmission line described above.

Wherefore applicant prays that the Railroad Commission of the State of California duly give and make its order and decision granting and conferring upon applicant all necessary permission and authority to construct, complete, operate and maintain the pipe line project described in Application No. 15697, declaring that public convenience and necessity now require the construction by applicant of the pipe lines and project described therein, including metering stations, terminal connections and facilities, compressor stations and storage holders, and the exercise by applicant of all permits, easements and franchises which may be used or useful in connection with said

proposed project, including Ordinance No. 118 of the County of San Benito above mentioned.

Testimony and evidence presented at public hearings on this application held at San Francisco on June 13, 20 and 21, 1929, established the fact that applicant is now regularly serving 550 B.T.U. oil-gas to the residents of the cities of Salinas, Monterey and Pacific Grove (formerly served by Coast Valleys Gas and Electric Company, which utility was acquired by applicant in the year 1927); and that in the community immediately adjacent to the north of this area, Coast Counties Gas and Electric Company is and has been serving 550 B.T.U. oil - gas to the residents of the cities of Hollister, Gilroy, Watsonville and Santa Cruz, in what is known as its Southern Division, and that the latter utility now has pending before this Commission an application to serve straight natural gas (to be purchased from applicant) to the residents of the town of San Juan, County of San Benito.

Applicant's Exhibit No. 2 presented at the hearing held at San Francisco on June 13, 1929, entitled "Pacific Gas and Electric Company - Territory to be served by proposed natural gas lines, with statistics for 1928", sets forth the following:

BUTTONWILLOW - MILPITAS LINE (Source of Natural Gas):

<u>Locality</u>	<u>Population</u>	<u>Customers</u>	<u>1928 Gas Send-out M C F (550 B.T.U.)</u>
<u>P.G. & E.Co.</u>			
Monterey	11,900	3,673	138,158
Salinas	6,500	1,922	76,941
<u>Coast Counties G.&E.Co.</u>			
Hollister	4,500	812	31,554
Gilroy	3,700	718	24,655
Santa Cruz	17,500	4,050	180,429
Watsonville	7,300	2,143	77,977
<u>Unserved Towns</u>	3,000	-	-

Witnesses for applicant testified at the above-mentioned hearings that the natural gas project outlined in this Application No.

15697 would be of sufficient capacity to furnish straight natural gas to all of the above listed towns and cities, and that it is the intention and desire of applicant to wholesale natural gas therefrom to the Coast Counties Gas and Electric Company for re-distribution by the latter in the towns and cities now being served by the latter utility, and also for service by the latter utility in the town of San Juan, provided satisfactory arrangements can be made between applicant and the Coast Counties Gas and Electric Company for the sale, by the former to the latter, of natural gas at wholesale rates to be fixed by the Railroad Commission.

O R D E R

Pacific Gas and Electric Company having applied to the Railroad Commission of the State of California for an order and decision granting and conferring upon applicant all necessary permission and authority to construct, complete, operate and maintain the pipe line project set forth above, and declaring that public convenience and necessity now require the construction by applicant of such project and the exercise by applicant of all permits, easements and franchises which may be used or useful in connection therewith;

Public hearings having been held, the matter being submitted and now ready for decision:

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY CERTIFIES AND DECLARES that public convenience and necessity require and will require the construction, maintenance, operation and use by Pacific Gas and Electric Company of California, of a natural gas transmission line project and its appurtenances from a point on its main gas transmission line near Hollister, California, to applicant's gas

manufacturing plant situated in the city of Salinas, County of Monterey, and thence to applicant's gas manufacturing plant situated in the city of Monterey, County of Monterey, State of California, and the exercise of all permits, easements and franchises which may be used or useful in connection therewith.

The above certification is subject to the following conditions and not otherwise:

- (a) That all of the natural gas transported by means of said pipe line or pipe lines shall be disposed of, allocated and distributed in accordance with the orders of this Commission.
- (b) That applicant shall, at the discretion of this Commission and when transmission line and compressor capacities permit, transport natural gas for other utilities, the volumes of gas thus transported and the transportation charges made therefor being subject to the approval of this Commission.
- (c) That no natural gas transported through said pipe line or pipe lines shall be delivered or sold for resale except under such conditions as may be specifically approved by this Commission.
- (d) That lines shall not be constructed or operated in, along, under or across any public highways, streets or roads in the County of Monterey unless and until Pacific Gas and Electric Company of California shall file with this Commission certified copies of the necessary franchise to lay and operate its natural gas lines in said county.

(e) Pacific Gas and Electric Company of California shall file with this Commission a stipulation, duly executed on authority of its Board of Directors, agreeing that it will never claim for any of the permits, easements and franchises used in connection with this project, a value in excess of the cost thereof.

(f) Upon the filing of the franchise and the stipulation referred to in paragraphs (d) and (e), in the proper form, the Commission will issue its supplemental order authorizing the exercise of rights conferred by such franchise. Said franchise and stipulation shall be filed on or before September 30, 1929.

The authorization herein granted, except as otherwise specifically provided, shall be effective from and after the date of this order.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date thereof.

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.

Dated at San Francisco, California, this 8th day of

July 1929.

C. S. Seaver

Leon Whitell

M. J. [unclear]
Commissioners.