

Decision No. 22840.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY, a California corporation, for a certificate of public convenience and necessity to exercise certain franchise rights in the County of Los Angeles, under franchise to be acquired by applicant.

Application No. 16451.

In the Matter of the Application of COMMERCIAL GAS COMPANY, LTD., a California Corporation, for a certificate of public convenience and necessity to exercise certain rights, in Range 11 and 12, West, Townships 6 and 7 North, S.B.B. & M., under franchise acquired by applicant.

Application No. 16510.

L. T. Rice, for Southern California Gas Co., Applicant in Application No. 16451, and Protestant in Application No. 16510.

Oliver M. Hickey, for Commercial Gas Co., Ltd., Applicant in Application No. 16510 and Protestant in Application No. 16451.

LOUTHER, COMMISSIONER:

OPINION

In application No. 16451, Southern California Gas Company asks the Railroad Commission of the State of California for a certificate of public convenience and necessity authorizing it to exercise the franchise rights to be acquired by applicant within that portion of Los Angeles County lying east of the range line between Range 14 West and Range 15 West, S.B.B. & M., and north of the southerly boundary of Angeles National Forest.

Application No. 16510, Commercial Gas Company, Ltd., asks the Railroad Commission for a certificate of public convenience and necessity authorizing it to exercise the franchise rights granted to it by franchise Ordinance No. 1784, (New Series) by the Board of Supervisors of Los Angeles County, hereinafter described, and for authority to issue and sell \$33,000 par value of its capital stock.

A public hearing was held on Application No. 16451 at Los Angeles on May 13th, 1930. A public hearing was held jointly on Application No. 16451 and Application No. 16510, at Los Angeles on June 17th, 1930.

The applications and the records show that the applicants propose primarily to furnish gas service to the residents of Lancaster and Palmdale.

As set forth in the application of, and testimony introduced by, Southern California Gas Company, this applicant proposes to (1) construct a liquid hydro-carbon gas plant and distribution system to serve liquid petroleum gas to the residents of Lancaster, and (2), to install a similar plant to serve the residents of Palmdale; that request for a franchise has been made to the Board of Supervisors of Los Angeles County, to cover the service described in the application herein; that gas service is not now being supplied in Lancaster, Palmdale or any of the aforesaid territory by any public utility; that for the present, approximately 2830 B.T.U. liquid hydro-carbon gas would be furnished, which service would be supplanted by natural gas service when conditions would justify the extension of present or future natural gas system of applicant; that the estimated available consumers at present are 225 in Lancaster, and 60 in Palmdale; that the estimated cost of the Lancaster and Palmdale projects would be \$31,945 and \$13,394, respectively; and that the regular rules and regulations of the Company with respect to the installation of service and mains would be placed in effect by the applicant.

At the hearing held on Application 16451 on May 13th at Los Angeles, the Commercial Gas Co., Ltd., appeared as a protestant, and requested that decision be withheld on Application 16451 until such time as the Commission heard testimony in support of Application 16510 which had been filed with this Commission on May 5th, 1930.

The applicant, Commercial Gas Co., Ltd., was organized August 29th, 1929, and was incorporated under the laws of the State of California, on September 11th, 1929, and in its application has asked for a certificate permitting the construction and operation of a liquid hydrocarbon gas plant and distribution system to supply identical service to the residents of Lancaster, as is proposed by the Southern California Gas Co. The records shows that Commercial Gas Co., Ltd., is not now furnishing a public utility service within the State of California; that members of the Company in responsible charge are not familiar with the type of service proposed, or the procedure in rendering a public utility service of this character.

Testimony introduced by applicant, Commercial Gas Co., Ltd., shows that there are 300 potential domestic consumers and 34 commercial consumers available in Lancaster; that the expenditure of approximately \$33,000 would be necessary to supply these consumers.

Counsel for Commercial Gas Co., Ltd., protested the granting of the application of Southern California Gas Co., on the grounds: (1) That his Company has a franchise, while Southern California Gas Company does not; and (2) that the Commercial Gas Company, Ltd., was first in the field. As to the first ground, the record shows that Southern California Gas Company has applied to the proper local authorities for a franchise. Relative to the second ground, the record does not sustain the position that the Commercial Gas Company, Ltd., was first in the field.

It is not questioned that public convenience and necessity require, and the market now justifies, the service offered by at least one of these applicants. It is apparent from the record that the protest of each applicant is based upon the desire to exclusively supply the service, and that not more than one system for serving Lancaster is warranted. As the granting of permission to both Companies to serve is not justified, the Commission must therefore decide whether it is in the public interest to permit the Southern California Gas Company to supply the service or to permit Commercial Gas Company, Ltd., to perform the service. Hence, in the public interest, the one fundamental question to be decided is which applicant has the more ability and willingness to adequately and efficiently meet the needs of the public.

The Commercial Gas Company, Ltd., as an organization, is new in the gas business, not now being engaged in rendering public utility service, and its incorporation having been effected less than one year prior to the filing of its application. Its promoters have had no substantial experience in the management or operation of public utility business in California or elsewhere.

The Southern California Gas Company has such experience and in point of time, its application was first filed and from the record appears best able to furnish the public service proposed to be rendered.

Public convenience and necessity require, and will require, the granting of the application herein sought by Southern California Gas Company and will best be served by denial of the application of the Commercial Gas Company, Ltd.

I therefore recommend the following form of order:

O R D E R

Public hearings having been held on the above entitled applications, the matters being duly submitted, and the Commission being fully advised,

IT IS HEREBY ORDERED that public convenience and necessity require, and will require, the exercise of franchise rights to be acquired from the County of Los Angeles by the Southern California Gas Company for the purpose of supplying gas to the residents of Lancaster and Palmdale.

The above certification and authorization are subject to the following conditions, and not otherwise:

1. That Southern California Gas Company shall file with this Commission, on or before August 31, 1930, a certified copy of the franchise necessary for the rendering of the proposed service in the communities of Lancaster and Palmdale.

2. That the authority herein granted shall apply only within those portions of Los Angeles County described as follows:

Sections 9, 10, 11, 14, 15, 16, 21, 22, 23, all in Township 7 N., Range 12 W., S.B.E. & M.; also S.E. 1/4 of Section 22, S. 1/2 of Section 23, S.W. 1/4 of Section 24, W. 1/2 of Section 25, Section 26, E. 1/2 of Section 27, N.E. 1/4 of Section 34, N. 1/2 of Section 35, N.W. 1/4 of Section 36, all in Township 6 N., Range 12 W., S.B.E. & M.

3. That Southern California Gas Company shall file, on or before September 30th, 1930, a stipulation, duly executed upon the authority of its Board of Directors, that applicant, its successors or assigns, will never claim before the Railroad Commission, or any other body or Court, a value for such franchise in excess of the actual value thereof.

4. That Southern California Gas Company shall, on or before October 1st, 1930, begin the service of gas to residents within the communities of Lancaster and Palmdale.

5. That Southern California Gas Company shall file with this Commission, on or before August 31, 1930, copies of all contracts under which applicant will receive or purchase the liquid gas that it proposes to use in this service.

6. That Southern California Gas Company shall file with this Commission, on or before August 31, 1930, a stipulation, duly executed upon the authority of its Board of Directors, agreeing that if and when, at any time, this Commission desires to investigate any of the costs or revenues incident to this service, including the costs of liquid gas, applicant will produce and present to the Commission, at the latter's request, all of the details that make up such costs or revenue, including a break-down of the production costs which make up the contract price for the purchase of such liquid gas.

7. That Southern California Gas Company shall file with this Commission, ten (10) days ~~prior~~ ⁱⁿ to the initiation of service, initial rates for domestic, commercial and general gas service, which shall be subject to the approval of this Commission.

8. Upon the filing of the contract, franchise, stipulations and rates referred to in conditions 1, 2, 3, 4, 5, 6 and 7 above, this Commission will issue its supplemental order authorizing the exercise by Southern California Gas Company of the rights and privileges granted to it under such franchise.

IT IS HEREBY FURTHER ORDERED that application No. 16510 of the Commercial Gas Company, Ltd., is denied without prejudice.

The authorization herein granted, except as otherwise 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 hereof.

The foregoing opinion and order are hereby ap-

proved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 9th day of July, 1930.

Emmett

W. B. L...

W. A. L...
Commissioners.