

ORIGINAL

Decision No. 23181.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of

HAROLD G. LAUB

for a certificate of Public Convenience and Necessity.

Application No. 16749.

C. F. Seccombe, for Harold G. Laub.

W. F. Williamson, Wallace and Vaughan,
by R. L. Vaughan, for Natural Gas
Corporation of California, Protestant.T. J. Reynolds, for Southern California
Gas Company, Interested Party.

WHITSELL, COMMISSIONER:

O P I N I O N

In this application, Harold G. Laub asks the Railroad Commission of the State of California to make its order and decision declaring that public convenience and necessity require and will require the exercise by applicant of franchise rights granted under Ordinance No. 535 by the Board of Supervisors of the County of San Bernardino, and authorizing applicant to construct gas plant and system in the community of Barstow.

The application sets forth that applicant proposes to construct a plant and distributing system for the purpose of supplying gas to the inhabitants of Barstow for domestic, commercial and industrial usage; that applicant is the owner of a franchise granted by the Board of Supervisors of the County of San Bernardino, State of California, under its Ordinance No. 335,

authorizing the construction of gas plants and systems; that the gas service is not now being furnished in said territory by any person, firm or corporation, and that the gas proposed to be furnished is a natural petroleum gas, a by-product of the extraction of natural gasoline from natural gas or from oil refinery operations.

A public hearing on this application was held at Los Angeles on September 4, 1930, at which time the Natural Gas Corporation of California appeared protesting the granting thereof.

At a public hearing held on November 6, 1930, at Victorville, on Application No. 16892, that of Harold G. Laub for certificate of public convenience and necessity to serve the inhabitants of Victorville, the Natural Gas Corporation of California requested the withdrawal of its Amended Application No. 16116, in so far as it concerned the supplying of gas to the community of Barstow, and further withdrew its protest to the granting of the application here under consideration. This action cleared the field, as Harold G. Laub now remains the sole applicant for authority to serve gas to residents of Barstow. Southern California Gas Company stated on September 4, 1930, at the hearings on Amended Applications No. 16116 and No. 16749, that it did not protest either or both of these applicants serving territory within the towns of Barstow and Victorville.

Testimony and evidence introduced at the hearing indicate that applicant has had experience in the sale and service of gas, particularly having engaged in the service of liquid petroleum gas where individual tanks have been used in supplying consumers' requirements; that applicant proposes to construct a gas plant consisting of liquid storage tanks, valves, piping, gauges and necessary appurtenances for the purpose of receiving and vaporizing liquefied hydrocarbon gas; that from

the aforesaid plant, the gas is to be distributed at adequate pressure by means of a standard underground distribution system of mains, services, regulators and meters; that the gas would be delivered to the consumer with a heating value of approximately 2800 B.t.u. per standard cubic foot; that the purchase cost of gas in quantities desired by applicant would not exceed eight and one-half cents (8-1/2¢) per gallon f.o.b. Barstow; and that the total estimated investment to supply the service including cost installed of 300 regulators and meters would be approximately \$37,225.00.

Applicant alleges that he has been negotiating with one of the major oil companies for a supply of liquid natural gas; that his executing a contract therefor is dependent upon the disposition of this application and that he has reasonable assurance that a contract for a period of three to five years can be secured with a responsible party at a price not exceeding eight and one-half cents (8-1/2¢) per gallon f.o.b. Barstow.

Applicant alleges that at present Barstow has a population of 2,548 inhabitants; that he has made a survey of the community which indicates there are 495 available consumers, of which number 300 can, within a reasonable period of time, be secured as consumers and, further, that there exists an insistent desire on the part of the residents of this community for gas service.

Applicant finally alleges that he is financially able to construct the plant and system described in his application, and Exhibit No. 4 attached thereto, by virtue of an agreement with Charles F. Stern, 10 Berkeley Square, Los Angeles, who will advance all funds required for construction purposes.

Charles F. Stern testified at the hearing on September 4, 1930,

that he desires and stands ready to fulfill his part of this agreement.

Applicant suggests the following rate for this proposed service:

SERVICE CHARGE \$1.25 Per Meter Per Month.

COMMODITY CHARGE to be added to Service Charge.

First 50 lbs. per meter per month 6¢ per lb.
 Next 50 lbs. per meter per month 5¢ per lb.
 Next 50 lbs. per meter per month 4¢ per lb.
 Next 50 lbs. per meter per month 4¢ per lb.
 All Over 200 lbs. per meter per month 3¢ per lb.

It appears from the testimony and evidence introduced in this proceeding that public convenience and necessity require and will require the exercise by applicant of the rights and privileges granted under Ordinance No. 335 of the County of San Bernardino, in so far as such exercise is necessary for the construction of this specific project, and the construction by applicant of plant and distribution system to serve the residents in the territory described herein.

From a study of the evidence submitted, however, the Commission is of the opinion that the rate suggested is too high, and will accordingly order the institution of an initial rate substantially lower than the above rate.

I recommend the following form of order:

ORDER

Harold G. Leub, having asked the Railroad Commission of the State of California for an order declaring that public convenience and necessity require and will require the exercise by applicant of the rights and privileges granted under Ordinance No. 335 passed by the Board of Supervisors of the County of San

Bernardino and the construction by applicant of gas plant and distribution system in the community of Barstow, and its further order authorizing applicant to construct such plant and system, public hearing having been held, the matter having been submitted and now ready for decision,

The Railroad Commission of the State of California hereby Orders and Declares that public convenience and necessity require and will require the exercise by Harold G. Laub of the rights and privileges under Ordinance No. 335 of the County of San Bernardino in so far as such exercise is necessary for the construction of this specific project, and the construction by applicant of a gas plant and system in Barstow for the distribution and sale of liquefied natural gas.

The Railroad Commission of the State of California hereby further orders and declares that Harold G. Laub be and he is hereby authorized to construct such plant and system in the above named community.

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

- (1) That Harold G. Laub shall file with this Commission on or before February 1, 1931, copies of all contract-agreements under which he has received or will receive monies from Charles F. Stern for the construction of said gas plant and distribution system and for any other purposes pertaining thereto.
- (2) That Harold G. Laub shall file with this Commission as soon as possible copies of all contract-agreements under which applicant will receive or purchase the liquid gas that he proposes to use in this service.
- (3) That Harold G. Laub shall file with the Commission on or before February 1, 1931, a stipulation, executed by himself, that applicant, his 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 cost thereof, which cost shall be set forth in the stipulation.

- (4) That Harold G. Laub shall file with this Commission, and apply to all billing for gas in the community covered by this order, the following initial rate for general domestic and commercial gas service:

RATE:

SERVICE CHARGE \$1.25 per meter per month.

COMMODITY CHARGE to be added to Service Charge.

First 100 lbs. per meter per month, 4¢ per lb.

Next 400 lbs. per meter per month, 3¢ per lb.

All over 500 lbs. per meter per month, 2¢ per lb.

- (5) That Harold G. Laub shall on or before March 1, 1931, begin the service of gas covered by this order.
- (6) That the authority herein granted shall apply only within those portions of San Bernardino County as provided in Ordinance No. 335 of said County and described as follows:

All of Townships 10 North, Range 2 West; 10 North, Range 1 West; 9 North, Range 1 West; 9 North, Range 2 West and 9 North, Range 1 East, San Bernardino Base and Meridian,

provided, however, that the Railroad Commission may hereafter by appropriate proceedings and orders revoke or limit, as to territory not then served by Harold G. Laub, his successors or assigns, the authority herein granted.

- (7) Upon the filing of contract-agreements and stipulations referred to in conditions (1), (2) and (3) above in satisfactory form, the Commission will issue its Supplemental Decision authorizing the exercise by applicant of the rights and privileges granted to him under his franchise.

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

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 approved and

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

Dated at San Francisco, California, this 15th day of December, 1930.

Clarence
Ernest J. Smith
Leon A. Wiley
John E. Smith
W. J. Lee
Commissioners.