

Decision No. 24698

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of SAN DIEGO CONSOLIDATED GAS & ELECTRIC COMPANY, a corporation, for an order authorizing it to enter into a contract for the purchase of natural gas.

ORIGINAL

Application No. 18043

In the Matter of the Application of SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA, a corporation, for a certificate of public convenience and necessity under Section 50 of the Public Utilities Act, for authority to extend its system and exercise franchises acquired and to be acquired, and for authority to enter into a contract for the sale of natural gas.

Application No. 18051

Chickering and Gregory, by W. C. Fox for San Diego Consolidated Gas and Electric Company.

LeRoy M. Edwards, for Southern Counties Gas Company of California.

H. D. Dannel, for City of San Diego.

BY THE COMMISSION:

O P I N I O N

The above entitled proceedings, which were consolidated for hearing and decision, involve a request on the part of San Diego Consolidated Gas and Electric Company for authority to enter into a certain contract for the purchase of natural gas from Southern Counties Gas Company of California and a similar request on the part of the latter to sell natural gas to the former and, further, for authority to Southern Counties Gas Company of California to extend its transmission system into San Diego County

and to exercise certain franchise rights, petitioned from the County of San Diego, the City of San Diego and the City of Oceanside, respectively.

A public hearing before Examiner Kennedy was held April 9th, 1932, in the City of Los Angeles, at which time testimony was introduced and the matter submitted for decision.

Under date of February 15th, 1932, this Commission, by its Decision No. 24478 (Cases No. 3152 and 3153), gave the San Diego Consolidated Gas and Electric Company, one of the applicants herein, the alternative of making effective certain reduced rates on the basis of continued manufactured gas operations or of making effective certain other reduced rates if applicant elected to substitute in the territory served by it (except Escondido) natural gas for manufactured gas and agreed to introduce natural gas into said territory on or before September 1st, 1932. It appears that said applicant elected to go to natural gas operation and has now agreed on a contract with the Southern Counties Gas Company of California, the other applicant herein, for the purchase of natural gas from said company.

The contract, which was filed coincidentally with the application herein of San Diego Consolidated Gas and Electric Company (Application No. 18043), provides that Southern Counties Gas Company of California will sell and deliver natural gas of approximately 1100 B.T.U. heat content to San Diego Consolidated Gas and Electric Company at a point near the northerly end of Rose Canyon, eastward of the Town of La Jolla and about six miles south of the northerly city limits of the City of San Diego, at a price per thousand cubic feet of 30 cents for all gas used for domestic and commercial consumers and 12 cents for all gas used for fuel and industrial consumers. Among other things the contract also provides that the domestic and commercial

consumers of San Diego Consolidated Gas and Electric Company shall be given complete parity as to the natural gas supply with the domestic and commercial consumers of Southern Counties Gas Company of California, as well as the domestic and commercial consumers of companies to which it wholesales natural gas.

The record shows that Southern Counties Gas Company of California, in order to supply the natural gas requirements of San Diego Consolidated Gas and Electric Company, contemplates the installation of a gas pipe line, having an outside diameter of twelve and three-fourths (12-3/4ths) inches with a daily (24 hour) normal working capacity of 24,000,000 cubic feet of natural gas and extending (approximately eighty (80) miles) from Huntington Beach oil and gas field in Orange County to the Rose Canyon delivery point above described in San Diego County. It is also of record that the cost of the total installation is estimated as one million seven hundred thousand dollars (\$1,700,000) and that applicant has applied for the necessary franchises for such installation from the respective public authorities of the County of San Diego, the City of San Diego and the City of Oceanside. The general route of the gas pipe line is delineated by map in Exhibit "B" and the areas for which franchise rights have been requested are fully described in Exhibit "C" and Exhibit No.2, Exhibits "B" and "C" being attached to and made a part of the application (Application No.18051) and Exhibit No.2 being filed at the hearing.

No one appeared in opposition to the applications although representatives of the City of San Diego urged that the Commission, in approving the above mentioned contract between the aforesaid applicants, have in mind the possibilities of a natural gas shortage and the desirability, under such conditions,

of treating San Diego Consolidated Gas and Electric Company consumers on a parity with all other Southern California gas consumers insofar as the distribution of available natural gas supply is concerned.

It is apparent from the record that the proposed contract is in the interest of the public and fair to both parties and that the extension of the system of Southern Counties Gas Company of California into San Diego County for the sole purpose of transporting and selling natural gas to San Diego Consolidated Gas and Electric Company should be permitted. It is also clear that public convenience and necessity require and will require the exercise by Southern Counties Gas Company of California of the franchise rights applied for by it. We are of the opinion, therefore, that these applications should be granted.

#### O R D E R

San Diego Consolidated Gas and Electric Company and Southern Counties Gas Company of California having made applications to the Railroad Commission of the State of California, as entitled above (which said applications were consolidated for hearing), a public hearing having been held, the matters 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 the extension by Southern Counties Gas Company of California of its system into San Diego County as delineated by map in Exhibit "B" attached to and made a part of Application No.18051 herein; and that public convenience and necessity require and will require the exercise by said applicant of any and all permits granted to it by the State Highway Commission necessary to the installation of such extension and of the franchise rights

petitioned for by applicant from the County of San Diego, the City of San Diego and the City of Oceanside, as fully described in Exhibit No. 2 herein and in Exhibit "C" attached to and made a part of said application, provided that the Railroad Commission may hereafter, by appropriate proceedings and orders, revoke or limit as to territory not then served by Southern Counties Gas Company of California, or its successors in interest, the authority herein granted.

IT IS HEREBY ORDERED that San Diego Consolidated Gas and Electric Company and Southern Counties Gas Company of California be and the same are hereby authorized to execute an agreement substantially in the same form as the agreement filed by San Diego Consolidated Gas and Electric Company coincidentally with its application (Application No. 18043) in this proceeding.

All of the authority, as above granted, is subject to the following conditions:

- (1) That Southern Counties Gas Company of California shall file with this Commission a certified copy of the above mentioned franchises duly authorized by the County of San Diego, the City of San Diego and the City of Oceanside.
- (2) That Southern Counties Gas Company of California shall file with this Commission stipulations, duly executed on authority of its Board of Directors, agreeing that it will never claim for said franchises a value in excess of the cost thereof.
- (3) That San Diego Consolidated Gas and Electric Company shall file with this Commission a certified copy of the aforesaid agreement duly executed on proper authority of the respective applicants herein.
- (4) That said franchises, stipulations and agreement shall be filed with this Commission on or before June 1, 1932.

- (5) That upon filing of the franchises, stipulations and agreement, above referred to, in proper form, and within the period above set forth, the Commission will issue its Supplemental Order authorizing the exercise of the rights conferred by such franchises.

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

Dated at San Francisco, California, this 18th day of April, 1932.

C. L. Sawyer  
Leon White  
W. J. Am  
W. B. Harris  
Fred G. Stewart  
Commissioners.