

MM

ORIGINAL

Decision No. 4374

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of BEVERLY HILLS UTILITIES COMPANY)
and SOUTHERN CALIFORNIA GAS COMPANY)
for an order authorizing the sale)
by the former to the latter company)
of a gas distributing system and)
franchise, authorizing the issuance)
of promissory notes in payment)
therefor, and granting a certificate)
of public convenience and necessity)
to exercise franchise rights.)

Application No. 2834.

Gibson, Dunn & Crutcher and
S. M. Haskins, for Beverly
Hills Utilities Company.

O'Melveny, Stevens & Millikin
and A. E. Peat, for Southern
California Gas Company.

BY THE COMMISSION.

O P I N I O N

A public hearing in the above entitled matter
was conducted before Examiner Westover at Los Angeles on
April 26, 1917. In this application Beverly Hills Utilities
Company requests authority to sell to Southern California Gas

Company its gas distribution system described in Exhibit "1", attached hereto.

Southern California Gas Company requests authority to issue a note for \$18,500.00 in part payment for said gas distribution system. It also asks the Commission to issue its order declaring that public convenience and necessity require it to exercise rights and privileges granted by City of Beverly Hills to Beverly Hills Utilities Company, under Ordinance Number 31, adopted April 2, 1917.

The above application was heard in conjunction with Applications Number 2864 and Number 2871 relating to the sale of the electric distribution system of Beverly Hills Utilities Company to Southern California Edison Company. It was stipulated that all the evidence might be considered in each application in so far as it was found applicable.

Rodeo Land and Water Company subdivided and laid out the property known as Beverly Hills and installed the present gas, electric and water systems, all of which are now the property of Beverly Hills Utilities Company. The latter company will continue to operate the water system.

Most of the territory served with gas was incorporated about three years ago as Beverly Hills, a city of the sixth class.

The gas distributed by Beverly Hills Utilities Company is purchased from Southern California Gas Company. It is a mixture of artificial and natural gas in about equal parts. It is the same quality of gas which is supplied by the Southern California Gas Company to its consumers in Los Angeles and which it sells at wholesale to Southern Counties Gas Company of California for distribution in Sawtelle, Santa Monica and Venice.

It appears that Southern California Gas Company is better prepared than Beverly Hills Utilities Company to serve Beverly Hills and vicinity. The purchasing company does not at this time contemplate a change in rates. It will operate under the franchise granted by Ordinance Number 31, to Beverly Hills Utilities Company. It has filed with the Commission for approval a stipulation duly executed by its Board of Directors agreeing that it, its successors and assigns, will never claim before the Railroad Commission or any court or other public body a value for said franchise, rights and privileges an amount in excess of the actual cost of acquiring said franchise, rights and privileges, said cost being \$405.00.

In Exhibit "A" attached to the application, applicant reports the original cost of the gas distributing system as of December 1, 1916 at \$21,828.16. The purchase price of the properties, including the franchise, is \$18,500.00, plus the cost of materials and supplies on hand at the time of the transfer of possession and the cost of extensions and improvements subsequent to December 1, 1916. The Commission has made no valuation of the gas distribution system but its engineers have checked the data submitted and find the purchase price to be reasonable.

Beverly Hills Utilities Company reports that it has no mortgage indebtedness. Its properties are to be conveyed free from encumbrances of any kind. As part payment Southern California Gas Company asks authority to issue its 6 per cent promissory note or notes in the aggregate sum of \$18,500.00, payable on or before July 1, 1918, pursuant to the purchase agreement dated March 1, 1917 and filed as Exhibit "1" under Application Number 2864.

O R D E R

BEVERLY HILLS UTILITIES COMPANY and SOUTHERN CALIFORNIA GAS COMPANY having applied to the Railroad Commission for the authority granted in this order, and a public hearing having been held upon said application, and it appearing to the Commission therefrom that said authority should be granted and that the property to be procured by the issue of the note or notes by Southern California Gas Company is reasonably required for the purposes specified in the order, which purposes are not in whole or in part chargeable to operating expenses or to income.

IT IS HEREBY ORDERED as follows:-

(a)-Beverly Hills Utilities Company hereby is authorized to transfer and convey to Southern California Gas Company the gas distributing system described in Exhibit "1", attached hereto for the sum of \$18,500.00, plus the cost of additions and extensions installed subsequent to December 1, 1916, and the value of materials and supplies on hand at the date when the possession of the property is transferred.

(b)-Southern California Gas Company is hereby authorized to issue its note or notes in the aggregate sum of \$18,500.00, payable to Beverly Hills Utilities Company or order on or before July 1, 1918, with interest from date at the rate of 6 per cent per annum, payable semi-annually, said note or notes to be dated as of the date of said conveyance.

(c)-Southern California Gas Company having filed with the Railroad Commission a stipulation in form

satisfactory to the Commission, duly authorized by its Board of Directors agreeing that Southern California Gas Company, its successors and assigns will never claim before the Railroad Commission or any court or other public body a value for said right and privilege in excess of \$405.00, the original cost of acquiring said rights and privileges, it is hereby declared that the public convenience and necessity require the exercise by Southern California Gas Company of the rights and privileges conferred upon Beverly Hills Utilities Company by Ordinance Number 31 of the City of Beverly Hills, adopted April 2, 1917; provided said company acquires the said gas property and franchise of said Beverly Hills Utilities Company.

This order is made upon the following conditions:-

1.-The authority herein granted shall not be binding in any proceeding upon this Commission or any tribunal, court or public body as a finding by this Commission of the value of applicant's property for any purposes other than those relating to this application.

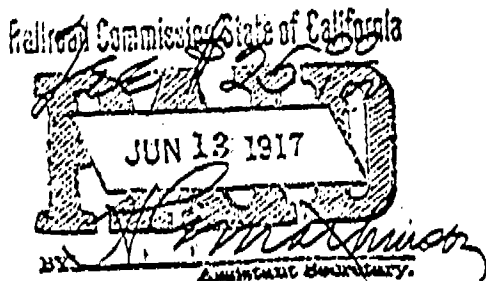
2.-The authority herein contained shall extend only to such property as shall have been transferred and to such note or notes as shall have been issued, within ninety days from the date hereof.

3.-Within ten days after any such conveyance or transfer is delivered, and within ten days after any such note or notes shall be issued, the grantor in said transfer or conveyance and the maker of such note

or notes, shall report in writing to the Commission the fact of such delivery or issue, with the date thereof, and shall file with the Railroad Commission a copy of any such transfer or conveyance.

4.-This order in so far as it relates to the transfer of said gas distributing system or to the issue of note or notes in payment therefor shall not become effective until Southern California Gas Company has paid the fee provided for by the Public Utilities Act.

Dated at San Francisco, California, this 6th day of June, 1917.



Max Thelen
H. S. ...
[Signature]
Edwin O. Edgerton

Commissioners.

EXHIBIT NUMBER "1"

In the proposed deed of conveyance, filed with the Railroad Commission on May 21, 1917 the property to be transferred by Beverly Hills Utilities Company to Southern California Gas Company is described as follows:-

The entire gas distributing system of pipes, pipe lines, conduits, meters, connections and other properties and appliances laid in or attached to the soil, which have been laid or installed by grantor or used by it, for carrying and serving gas within said City of Beverly Hills, including all of the grantor's rights and easements to lay, replace, maintain and operate the same.

The purchasing company will also acquire the gas system and supplies on hand at time of transfer of possession of property.
