

DECISION NO. 7134

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
UNION OIL COMPANY OF CALIFORNIA to sell, )  
and SANTA MARIA GAS AND POWER COMPANY to ) Application No. 5308.  
buy, certain gas distribution systems and )  
business in Santa Barbara County. )

Andrews, Toland & Andrews, for Union Oil  
Company of California.

Chickering & Gregory, by Allen Chickering,  
for Santa Maria Gas & Power Company.

BRUNDIGE, Commissioner.

O P I N I O N

Union Oil Company of California, as seller, and Santa Maria Gas & Power Company, as purchaser, apply to the Railroad Commission for authority to transfer certain gas distribution systems and business appurtenant thereto in the town of Orcutt and in the localities known as Sisquoc, Santa Maria Oil Fields and Divide, all in Santa Barbara County. These systems and businesses are now owned and operated by the Union Oil Company of California and the retail sale of natural gas to the consumers thereof is regarded as incidental to the business of the Union Oil Company. A hearing was held in San Francisco on February 9, 1920.

Santa Maria Gas & Power Company is generally engaged in the transmission and distribution of natural gas in this and

other territory and is situated so that it can conveniently operate said gas systems in a profitable manner. The proposed transfer involves a nominal consideration of \$1.00, although it is evident that a substantial value accrues to the systems and business. The purpose of the Union Oil Company is to divest itself of all operations of a public utility character. It reserves, however, the service to its own employees and that used in its own operations upon its own property. Santa Maria Gas & Power Company is ready and willing to take over the systems and business, to make such improvements thereto as shall be necessary and to assume the obligation of service to parties now being supplied. The purchaser herein has franchise rights in Santa Barbara County covering the service in the localities mentioned.

In becoming a party hereto Union Oil Company expressly disclaims any purpose or intention of being or becoming a public utility or of having been such, and in so doing its only purpose is to facilitate the acquisition of these properties by the Santa Maria Gas & Power Company. For the purpose of this proceeding it is not necessary to pass upon the question of the public utility status of the gas operations of the Union Oil Company.

In the town of Orcutt there are approximately 100 gas consumers to be acquired. In the localities known as Sisquoc, Divide and Santa Maria Oil Fields there are between 20 and 30 such consumers. Arrangements have been perfected so that the Union Oil Company will continue to supply gas at wholesale to the Santa Maria Company at these several points, and the parties have agreed upon the following wholesale prices for gas so delivered:

For gas delivered at Sisquoc . . . 20¢ per thousand.  
For gas delivered at Divide and  
Santa Maria Oil Fields . . . . 10¢ per thousand.  
For gas delivered to Orcutt . . . 14¢ per thousand.

Santa Maria Gas and Power Company proposes to rehabilitate the distribution systems to be thus acquired, to install such additions and betterments as may be necessary and meters for the measurement of consumers' gas.

If the authority herein be granted, Santa Maria Gas and Power Company asks authority to put in effect the following rates:

In Orcutt its standard rate of \$1.00 per thousand cubic feet.  
In Sisquoc, Divide and Santa Maria Oil Fields a rate of \$1.25 per thousand cubic feet,

the latter rate on account of the higher expenses and comparatively small extent of the service supplied to these three localities.

I recommend that the Commission give its approval to the transfer of these gas systems and business and their subsequent acquirement and operation by the Santa Maria Gas & Power Company under the conditions set forth above, and submit herewith the following form of order.

#### O R D E R

Union Oil Company of California applying to the Railroad Commission of the State of California to sell, and Santa Maria Gas and Power Company to purchase gas distribution systems in the town of Orcutt and in the localities known as Sisquoc, Divide and Santa Maria Oil Fields, a hearing having been held and the matter now awaiting decision, and the Railroad Commission approving the proposed transfer and the conditions of subsequent operation by the Santa Maria Gas & Power Company,

IT IS HEREBY ORDERED that Santa Maria Gas & Power Company be and it is hereby authorized to purchase from Union Oil Company of California for the consideration of \$1.00 those certain gas distribution systems and business appurtenant thereto in the town of Orcutt and in the localities known as Sisquoc, Divide and Santa Maria Oil Fields.

IT IS HEREBY FURTHER ORDERED that the Santa Maria Gas & Power Company be and it is hereby authorized to charge and collect for gas sold in the town of Orcutt the rates set forth in its Schedule 1 now on file with the Railroad Commission, and to charge and collect for gas service in the localities known as Sisquoc, Divide and Santa Maria Oil Fields a rate of \$1.25 per thousand cubic feet of gas sold, with a minimum charge of \$1.00 per meter per month. Said rate shall be effective from and after the installation of meters in said localities by Santa Maria Gas & Power Company and upon the filing with the Railroad Commission of rate schedules setting forth these rates.

The foregoing Opinion and Order is hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco this 13<sup>th</sup> day of February,  
1920.

Edwin O. Edgerston  
H. D. Loveland  
J. B. Brundage  
Commissioners.