

Decision No. 895

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MIDWAY GAS COMPANY for an order au-)
thorizing it to sell and the SOU-)
THERN CALIFORNIA GAS COMPANY to buy)
a gas distributing system in the)
town of Newhall.)

Application No. 5608.

By the Commission:

O P I N I O N

This is an application by Midway Gas Company for authority to sell, and Southern California Gas Company to purchase, a gas distributing system located in the town of Newhall. Midway Gas Company is not primarily engaged in the retailing of gas, and for this reason desires to dispose of the property. The system is operated by Southern California Gas Company at the present time, which company reads meters, bills and collects for service rendered consumers for the account of the Midway Company, and, in turn, charges Midway Gas Company for the cost of rendering such service. The transfer of the properties is for the purpose of eliminating the present arrangement and to simplify the relations between the two companies, and, if effected, will result in a more direct service to the consuming public.

The parties hereto have entered into an agreement dated April 7, 1920, by which Midway Gas Company agrees to sell and Southern California Gas Company to buy, the gas distributing

system in the town of Newhall, located within certain boundaries set forth therein, and consisting of mains, pipes, rights-of-way, easements, licenses of like privileges, meters, services, regulators and other property used in or in connection with the said distributing system, excepting and reserving therefrom all transmission mains which conduct gas through the town. The agreement also provides for the transfer of the seller's office equipment and materials and supplies used in connection with the distributing system located in the town of Newhall. The agreement further provides for the manner of transfer of title and for the payment of taxes due prior to and subsequent to the transfer. The seller agrees to pay for the operation, maintenance or construction of the property prior to the date of transfer. The price at which the property is to be transferred is the sum of \$5,642.02 plus the cost of any additions to the properties since December 31, 1919. The purchase price is to be paid concurrently with the delivery of deed.

The application states that the price at which the properties are to be transferred is the actual cost of installation thereof. An inspection and investigation of the properties shows that the agreed price is a reasonable one and that the transfer thereof, as applied for, is in the interests of the public.

O R D E R

The Railroad Commission of the State of California being of the opinion that the granting of the authority herein sought will be in the public interest and that a hearing is not necessary in this matter,

IT IS HEREBY ORDERED that Midway Gas Company be, and it is, hereby authorized to sell to Southern California Gas Com-

pany the gas distributing system and properties described in the agreement attached to the application herein.

IT IS HEREBY FURTHER ORDERED that Southern California Gas Company be, and it is, hereby authorized to purchase said gas distributing system and properties for the sum of \$5,642.02 plus the cost of any additions which have been made to said properties since December 31, 1919.

The authority herein granted is upon the following conditions and not otherwise:

1. Within 60 days after the acquisition of the said gas distributing system, Southern California Gas Company shall file with the Railroad Commission for approval, a stipulation duly authorized by its Board of Directors, declaring that Southern California Gas Company, its successors and assigns, will never claim, in any proceeding of any character before the Railroad Commission or any other public authority, a value for the franchises or permits which it may acquire from Midway Gas Company in excess of the amount paid by the original grantee for such franchises or permits to the public authority granting the same, which amount shall be specified in said stipulation.

2. The consideration at which the public utility properties are herein authorized to be transferred shall not be considered as a measure of value of said properties for rate-making or any purpose other than the transfer herein authorized.

3. The authority herein granted will apply only to such transfer as may be made on or before 60 days from the date of this order.

Dated at San Francisco, California, this 5th
day of October, 1920.

Edwin C. Edgerton
H. S. Loveland
Frank R. White
H. B. Brundage

Commissioners.