

Decision No. 20785

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN JOAQUIN LIGHT AND POWER CORPORATION
for an order of the Railroad Commission
of the State of California issuing to
applicant a certificate of public con-
venience and necessity to construct the
natural gas project herein described;
to exercise rights under franchises ob-
tained and to be obtained; and author-
izing the filing and making effective of
the schedule of natural gas rates herein
referred to.

ORIGINAL

Application No. 21790

R. W. DuVal, for Applicant.

BY THE COMMISSION:

O P I N I O N

San Joaquin Light and Power Corporation requests that
the Commission:

- (1) Make its order and decision, under Section 50 of the Public Utilities Act, granting to applicant all necessary permission and authority to construct, complete, operate, and maintain the natural gas pipeline project described in the application, and declaring that public convenience and necessity require the performance of said work by applicant and the exercise by applicant of all permits, easements, and franchises necessary therefor.
- (2) Make its order preliminary to the issuance of a certificate declaring that it will hereafter, upon application therefor by applicant, when the latter shall have obtained the franchises which it contemplates securing from the cities of Atwater and Livingston, issue a certificate authorizing the exercise of said franchises.
- (3) Grant and confer upon applicant all necessary permission and authority, upon the completion and placing in operation of its said proposed natural gas project, to file and make effective the schedule of rates and charges set forth and contained in Exhibit "D" attached to the application.

Public hearing was held before Examiner C. C. Brown at Merced, California, on March 17, 1938. No one protested the granting of the application.

It appears from the record that applicant distributes natural gas in the cities of Fresno, Selma, Fowler, Sanger and Easton, in Fresno County; Madera and Chowchilla in Madera County; Merced in Merced County; Bakersfield in Kern County, and in the contiguous suburbs of each; that under and pursuant to the permission granted in Decision No. 22870, dated September 13, 1930, and Decision No. 23674, dated May 11, 1931, of this Commission, applicant leased from Pacific Gas and Electric Company and is now operating certain gas plants and gas distribution systems located in the counties of Fresno and Madera. Said decisions are made a part of the record herein by reference.

It further appears from the record that under and pursuant to the franchise granted to applicant by Ordinance No. 185 of the County of Merced adopted on December 9, 1930, and under authority granted to applicant by the Commission in its Decisions No. 23216 dated December 24, 1930, and No. 24054 dated September 21, 1931, applicant installed an eight-inch (8") high pressure gas main extension from the City of Fresno, Fresno County, to applicant's gas generating plant in the City of Merced, Merced County, a distance of approximately sixty-one (61) miles.

Applicant alleges that the natural gas project involved herein consists, in part, of a further extension of said eight-inch (8") high pressure gas main from its present terminus in the City of Merced to the City of Livingston, both in Merced County, a distance of approximately thirteen and one-half (13.5) miles, same to be located in part on private rights of way and in part on the public roads and highways of the County

of Merced. Attached to the application as Exhibit "A" is a diagram of the route of said proposed extension.

The record indicates that applicant proposes to install gas distribution systems in the cities of Atwater and Livingston, Merced County, and taps along said transmission for the purpose of serving to potential gas customers located in said cities and along the route of said transmission line, who are not now receiving gas service and who may be reached by means of reasonable extensions therefrom, natural gas having a monthly average heating value varying between 1100 and 1200 British thermal units per cubic foot.

It appears from the record that applicant estimates the total cost of said project to be \$247,400.00, the total number of new customers to be approximately 500 and the expected annual gas revenue to be \$49.50 per customer; it is estimated that the annual rate of return on the investment will be between 4.5 per cent and 5.0 per cent during the second full year of operation, with increasing rate of return in subsequent years.

Attached to the application as Exhibits "B" and "C" are copies of applications for gas franchises and suggested ordinances to, and resolutions of intention to grant gas franchises by, the cities of Atwater and Livingston, respectively.

During the hearing, applicant stated that subsequent to the filing of this application it had secured the indeterminate gas franchises applied for, same being Ordinance No. 41 of the City of Atwater, adopted on March 9, 1938, and Ordinance No. 46 of the City of Livingston, adopted on March 14, 1938. Certified copies of these ordinances were introduced in evidence by applicant as Exhibits No. 1 and No. 2, respectively, and applicant requested that the application be amended to ask for a certificate authorizing their exercise instead of an order

preliminary to the issuance of same.

Applicant has stipulated in the record that it, its successors or assigns will never claim before the Railroad Commission or any court or public body any value for said franchises in excess of the actual cost thereof, which is Thirty-eight and 00/100 Dollars (\$38.00) for Ordinance No. 41 of the City of Atwater, and Thirty-eight and 00/100 Dollars (\$38.00) for Ordinance No. 46 of the City of Livingston, both exclusive of the Fifty Dollar (\$50.00) fee for the filing of the present application.

Attached to the application as Exhibit "D" is a copy of proposed Schedule G-11 covering the general service of natural gas in the cities of Atwater and Livingston and contiguous suburbs and in territory along the proposed Merced-Livingston transmission line.

Applicant alleges that it intends to pay the cost of constructing and completing said natural gas project out of its income and from funds in its treasury not obtained from the issue of stock, bonds, or notes or other evidences of indebtedness and/or from such funds as may be advanced and loaned to it by Pacific Gas and Electric Company.

Applicant alleges that its proposed project of new construction and service will not compete with any person, firm or corporation now engaged in rendering like service, and that the only other utility rendering gas service in the County of Merced is the Coast Counties Gas and Electric Company, which renders such service in the communities of Dos Palos, Los Banos, and Gustine, and territory immediately adjacent thereto.

O R D E R

IT IS FOUND AS A FACT that public convenience and necessity require and San Joaquin Light and Power Corporation

is hereby granted a certificate to exercise the rights and privileges granted to it by Ordinance No. 41 of the City of Atwater; Ordinance No. 46 of the City of Livingston; and Ordinance No. 185 of the County of Merced, in so far as such exercise is necessary for the construction, completion, operation and maintenance of the specific natural gas project in this application set forth and described.

IT IS ALSO FOUND AS A FACT that public convenience and necessity require and San Joaquin Light and Power Corporation is hereby granted a certificate authorizing it to construct, complete, operate and maintain the specific natural gas project in this application set forth and described.

IT IS FURTHER ORDERED that, upon the completion and placing in operation of its said proposed natural gas project, San Joaquin Light and Power Corporation file and make effective the schedule of rates and charges for natural gas service as set forth and contained in Exhibit "D" of this application.

This Order shall be effective immediately.

Dated San Francisco, California, April 11, 1938

William H. Harrison
Leon A. Russell
Francis R. Brown
Robert W. Brown
W. L. Miller
Commissioners