

Decision No. 31425

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Railroad Commission of the State of California, granting to applicant a certificate of public convenience and necessity, to exercise the right, privilege and franchise granted to applicant by Ordinance No. 460 of the City Council of the City of San Mateo, County of San Mateo, State of California.

ORIGINAL

Application No. 21973

R. W. DuVal, for Applicant.  
 R. R. Sutton, E. A. Wilson, City Attorney, and  
 W. D. Soule, City Manager, for City of San Mateo.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company requests a certificate of public convenience and necessity under Section 50(b) of the Public Utilities Act, authorizing the exercise of the rights and privileges under the gas franchise granted to it by Ordinance No. 460 of the City Council of the City of San Mateo, County of San Mateo, State of California, adopted January 3, 1938, a copy of which is attached as Exhibit "A" to the application. Said franchise is for a term of fifty (50) years.

Public hearing was held at San Mateo on October 18, 1938 before Examiner R. A. Wehe. No one appeared to protest the granting of the application.

According to testimony introduced on behalf of the applicant, gas has been distributed in San Mateo by applicant or its predecessors in interest since about the year 1894.

Applicant has a "constitutional franchise" for the use of the public highways of said city, under and pursuant to Section 19 of Article XI of the Constitution of the State of California, as said section existed prior to its amendment on October 10, 1911.

Applicant now renders gas service in substantially all parts of the City of San Mateo, and no other utility renders like service therein.

From the evidence it is clear that present and future public convenience and necessity require and will require that applicant exercise the franchise granted to it by said Ordinance No. 460 in order that applicant may continue to furnish gas to said city and to its inhabitants and, further, in order that applicant may qualify its first and refunding mortgage bonds as legal investment for savings banks and trust funds in certain states.

From the evidence it appears that the laws of the State of New York permit investments by savings banks in the bonds of gas and electric corporations provided, among other things, that "such corporation shall have all franchises necessary to operate in territory in which at least seventy-five (75) per centum of its gross income is earned, which franchises shall either be indeterminate permits or agreements with, or subject to the jurisdiction of a public service commission or other duly constituted regulatory body, or shall extend at least five years beyond the maturity of such bonds \* \* \* \*." The statutes of other states also contain similar provisions. Ability to comply with these statutory provisions materially assists the applicant in selling its securities and the granting of this application is one step in the applicant's program of qualifying its bonds under these laws. Other applications involving other areas in which appli-

cant is rendering service are now pending before the Commission.

Applicant has stipulated that it, its successors or assigns, will never claim before the Railroad Commission of the State of California, or any court or public body, any value for said franchise in excess of the actual cost thereof, which is \$7,385.00, exclusive of the \$50.00 fee for the filing of the present application.

O R D E R

IT IS FOUND AS A FACT that public convenience and necessity require, and Pacific Gas and Electric Company is hereby granted a certificate to exercise the rights and privileges granted to it by Ordinance No. 460 of the City of San Mateo.

This Order shall be effective immediately.

Dated, San Francisco, California, November 5<sup>th</sup>, 1938.

*R. A. ...*

*Frank ...*

*By L. ...*

Commissioners