

Decision No. 37519

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA GAS COMPANY)
under Section 50(a) of the Public)
Utilities Act for a Certificate)
that Public Convenience and Neces-)
sity Require the Exercise of Rights)
and Privileges Granted to it by)
Ordinance No. 385 of the County of)
Ventura.)

ORIGINAL

Application No. 26296

T. J. Reynolds and Neal G. Locke, by
Neal G. Locke for Applicant.

BY THE COMMISSION:

O P I N I O N

The Southern California Gas Company seeks authority to exercise a franchise granted by the County of Ventura, permitting the construction, maintenance, and operation of gas facilities upon the public highways of said County.

It appears from evidence presented at a public hearing held on October 5, 1944, before Examiner Crenshaw, that the Applicant's peak day firm demands have grown very rapidly, and that its present natural gas deliverability to the Los Angeles Basin will be insufficient to meet peak firm demands by approximately 140 million cubic feet per day. In order to take care of this deficiency it was necessary to provide other sources of supply. After careful study of several alternative solutions of this problem by the Applicant and the Southern Counties Gas Company of California, it appeared that the most feasible solution was to proceed immediately with a project designed to increase considerably the delivery capacity from La Colota to Los Angeles.

A survey of the gas supply indicated that no additional natural gas was available from sources other than the Ventura Avenue and Coleta fields. In the Ventura Avenue field a drilling project was undertaken which promised to

materially increase the gas production available to the gas companies. At the same time the dry gas field at La Coleta was capable of rather extensive deliveries of natural gas. Therefore, the combination of these two sources made available in the field a material supply of natural gas which could only be utilized by the installation of a pipe line from the La Coleta field to the Ventura field, and thence to Los Angeles. It is estimated that the installation of this line will increase the supply of natural gas from about 130 million to 150 million cubic feet per day.

In order to accomplish this the Southern Counties Gas Company of California proposes to build a new 16-inch O. D. pipe line from the La Coleta field to the Ventura compressor station. This line for the most part parallels the existing 16-inch La Coleta line to the Ventura pipe line, which will remain in service and continue to be operated in very much the same manner as at present. The estimated cost of this line will be approximately \$1,260,000. The Southern California Gas Company proposes to build an 18-inch O.D. pipe line from Ventura to Sepulveda Boulevard, and a 22-inch line from that point to Hollywood, which will generally follow the route of the present combination 15-inch and 16-inch O.D. Ventura line to the Hollywood pipe line. The estimated cost of this line will be approximately \$2,011,000.

Although the Applicant now has a franchise for the operation of its present gas transmission line in the County of Ventura, which was acquired from its predecessor the Midway Gas Company, this franchise is limited to the existing line only. It was therefore necessary that a new franchise be obtained. The new franchise, granted by Ordinance No. 385 of the County of Ventura, permits the construction, maintenance, and operation of gas pipe lines by the Applicant in the County of Ventura not in excess of 18 inches internal diameter, and is a blanket franchise for the entire county.

The new franchise is for a term of forty years and was adopted on June 13, 1944. It provides a fee which is payable annually to the County equivalent to two per cent of the gross receipts arising from the use of the franchise, but not less than \$5.00 per mile for each two inches of internal diameter of the

line. The direct costs to the Applicant in obtaining the franchise are stated to have been \$291.00.

Since the Southern Counties Gas Company of California renders gas service in Ventura County, Applicant has requested that the certificate of public convenience and necessity be limited to the operation of the proposed gas transmission line referred to in its application, and to the wholesaling and transporting of natural gas to the Southern Counties Gas Company of California and the exchanging of natural gas between the two utilities.

In view of the above circumstances the Commission is therefore of the opinion that the best interests of the public will be served by the granting of this application.

The certificate of public convenience and necessity granted herein is subject to the following provisions of law:

That the Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, certificate of public convenience and necessity or right.

O R D E R

A public hearing having been held upon the application of the Southern California Gas Company, the matter considered, and it appearing to the Commission and it being found as a fact that public convenience and necessity so require, therefore,

IT IS HEREBY ORDERED that the Southern California Gas Company be and heroby is granted a certificate to exercise the rights and privileges granted by the County of Ventura by Ordinance No. 385, adopted June 13, 1944, subject to the condition that the operation of the proposed pipe line shall be limited to the following purposes:

1. The transportation and transmission of gas by Applicant through the County of Ventura;
2. The sale of gas therefrom at wholesale to Southern Counties Gas Company of California;

3. The exchange with Southern Counties Gas Company of California of gas received into and delivered from said pipe line; and
4. The transportation and transmission of gas for Southern Counties Gas Company of California.

The effective date of this Order shall be the date hereof.

Dated at San Francisco, California, this 28th day of November, 1944.

Richard R. Baker
Justus F. Calver
Francis R. Havens
Thomas W. Deane
James R. Wallace
Commissioners