

Decision No. 38627

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of COAST COUNTIES GAS AND ELECTRIC COMPANY, a corporation, for a certificate that public convenience and necessity requires the construction by applicant of an extension of its gas system into the westerly portion of Fresno County and the service of natural gas to the inhabitants thereof, and the exercise by applicant of gas franchise rights to be obtained from the Cities of Mendota and Firebaugh, and from the County of Fresno.

ORIGINAL

Application No. 26881

Pillsbury, Madison and Sutro by
Henry G. Hayes, for Applicant.

O P I N I O N

In this application Coast Counties Gas and Electric Company seeks authority to construct an extension of its gas system into the westerly portion of Fresno County and to serve natural gas to the inhabitants thereof and to exercise the rights and privileges under those franchises granted by the County of Fresno and by the cities of Mendota and Firebaugh in Fresno County, permitting the installation, maintenance, and use of gas facilities upon the public highways and streets of said county and cities.

A public hearing was held in this matter at Firebaugh on November 30, 1945, at which time no one appeared to oppose or protest the granting of the requested authority.

Copies of the franchises referred to were received at the hearing. The franchise granted by the County of Fresno (Ordinance No. 354) conforms to the general provisions of the Broughton Act and is for a term of 50 years. The cities of Mendota and Firebaugh granted franchises (Ordinances Nos. 21 and 81, respectively) to the Applicant in accordance with the Franchise Act of 1937, and it is provided therein that they shall be of indeterminate duration. A fee is payable annually to the cities equivalent to 2% of the gross annual receipts arising from the use of the franchises, but not less than 1% of all sales of gas by Applicant within the

cities. Under the terms of the franchise granted by Fresno County, no fee is required for the first five years, but thereafter during the life of the franchise the fee will be 2% of the gross annual receipts arising from the use thereof.

The direct costs to Applicant in obtaining the franchises were indicated to be as follows:

	<u>Fresno County Franchise</u>	<u>Mendota Franchise</u>	<u>Firebaugh Franchise</u>	<u>Total</u>
Amount of Bid	\$ 100.00	\$ -	\$ -	\$ 100.00
Publication Costs	<u>69.30</u>	<u>7.30</u>	<u>28.40</u>	<u>105.00</u>
Total	\$ 169.30	\$ 7.30	\$ 28.40	\$ 205.00

At this time Applicant is not rendering gas service in any part of Fresno County. Natural gas service is rendered, however, by Applicant immediately north of the westerly portion of Fresno County in Dos Palos, South Dos Palos, and Los Banos in Merced County. Likewise, the cities of Avenal and Kettleman City in Kings County, just south of the west portion of Fresno County, are served natural gas by Coast Counties Gas and Electric Company.

The utility proposes to initiate natural gas service in the cities of Firebaugh and Mendota, as well as the intervening territory along a connecting pipe line between the two cities, in the very near future. Applicant also desires to serve gas in that portion of Fresno County lying generally westerly of the San Joaquin and Kings Rivers, exclusive of the City of Coalinga and that area adjacent to Pacific Gas and Electric Company's Bay gas transmission line northwest of Panoche Junction, at such time as economic development may justify serving this area. No public utilities are now serving gas in the areas just described.

Applicant's witness presented testimony as to the results of surveys the company had made relative to the potential natural gas business in Mendota and Firebaugh. Testimony covering the estimated gross revenues and operating expenses was also introduced, as well as the estimated contemplated capital expenditures. The results of these surveys and estimates, which are for the first three years of operations, are attached to and made a part of the application as Exhibit "B."

Natural gas for delivery to Mendota and Firebaugh will be purchased at the city gateway of either one of these cities from Coast Natural Gas Company in accordance with the provisions and terms of Applicant's presently effective purchase gas contract with Coast Natural Gas Company. It is contemplated the source of gas will be from a local producing well or from the Standard Pacific Gas Line, Incorporated.

Applicant proposes to make its Valley Division General Service, Gas Engine Service, Commercial Building Heating Service, and Firm Industrial Gas Service gas tariffs effective in the Mendota-Firebaugh area. It was indicated in the testimony that the heating value of the gas served, depending upon the exact source of the gas, would be somewhat different from that of the gas now being served in the Valley Division. Consequently, the rate applied for General Service in the territory to be served would appropriately reflect these differences in the heating value of the gas.

After consideration of the record in this application, we find that the rendition of natural gas service in the areas heretofore described would be a definite asset to the residents and business establishments located in that area. Further, we find that the appropriate authority to proceed with the construction of the necessary gas facilities to render natural gas service in these areas should be granted and that public convenience and necessity require the granting of such a certificate, and we also find that public convenience and necessity require the exercising by Applicant of the rights and privileges granted to it under the several franchises referred to in this application. The certificate granted is to apply to those areas previously described, and as more fully outlined in Exhibit "A" which is a part of this application.

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

- (a) That the Commission shall have no power to authorize the capitalization of the franchises involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchises or certificate of public convenience and necessity in excess of the amounts (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 franchises, certificate of public convenience and necessity or right:

- (b) That the city franchises involved herein shall never be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the grantee of the necessary publication and any other sums paid by it to the municipalities therefor at the time of the acquisition thereof.

O R D E R

A public hearing having been held upon the application of Coast Counties Gas and Electric Company, the matter considered, 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 Coast Counties Gas and Electric Company be and is hereby authorized to construct an extension of its gas system into the westerly portion of Fresno County, more fully described in the foregoing opinion, to render natural gas service to the inhabitants thereof, and to exercise the rights and privileges granted by the City of Firebaugh's Ordinance No. 81 adopted October 9, 1945, by the City of Mendota's Ordinance No. 21 adopted October 23, 1945, and by the County of Fresno's Ordinance No. 354 adopted October 23, 1945 in introducing, continuing and developing said service:

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

Dated at San Francisco, California, this 27th day of January, 1946.

R. Harold Culver
Justus J. Caswell
Francis J. Clary
James H. Powell
Harold P. Hule
Commissioners