

Decision No. 42531

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA GAS COMPANY and )  
 BLYTHE GAS CO., LTD., for an order )  
 authorizing (1) the execution and )  
 delivery of a Deed and Bill of Sale )  
 pursuant to section 51(a) of the )  
 Public Utilities Act; (2) the trans- )  
 fer of certain certificates of pub- )  
 lic convenience and necessity from )  
 BLYTHE GAS CO., LTD., to SOUTHERN )  
 CALIFORNIA GAS COMPANY; and (3) the )  
 expansion of SOUTHERN CALIFORNIA GAS )  
 COMPANY'S certificate in Riverside )  
 County )  
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Application  
 No. 30067

O P I N I O N

This is an application for an order of the Commission authorizing the transfer of the properties of Blythe Gas Co., Ltd., to Southern California Gas Company and the expansion of the latter's existing certificate of public convenience and necessity, as hereinafter set forth.

Blythe Gas Co., Ltd., hereinafter referred to as Blythe, is a corporation organized under the laws of the State of California. Its outstanding stock (\$22,325 par value) is owned by Southern California Gas Company, hereinafter referred to as Southern.<sup>(1)</sup> Its properties, including a gas distributing system located in and about the City of Blythe, Riverside County, are being operated by Southern pursuant to the terms of a lease agreement dated July 20, 1948, executed under authority granted by the Commission by Decision No. 42044, dated September 21, 1948 in application no. 29539. Southern supplies natural gas obtained from its lines in adjoining territory, to consumers on the

(1) Southern acquired Blythe's outstanding stock for \$130,000 pursuant to authority granted by Decision No. 41823, dated July 7, 1948.

Blythe system under its own schedule of rates on file with the Commission.<sup>(2)</sup> It is permitted, by said Decision No. 42044, in providing the service to the Blythe territory under the lease arrangement to deviate from its gas main extension rule. (Rule and Regulation No. 20) for a period of three years from the effective date--September 21, 1948--of the decision.

The present application shows that steps have been initiated looking toward the winding up and dissolution of Blythe. It is intended that all its assets will be distributed to Southern as its sole stockholder and all its debts, obligations and liabilities will be assumed by that corporation, including its obligation to render gas service. Attached to the application and marked Exhibit "A" is a proposed Deed and Bill of Sale, to be dated as of February 28, 1949, to be executed providing for the conveyance of such assets and the assumption of such debts, obligations and liabilities.

The assets to be transferred to Southern include, among other things, a franchise granted by the City Council of the City of Blythe by Ordinance No. 118, adopted November 30, 1936; a franchise granted by the Board of Supervisors of the County of Riverside by Ordinance No. 324, adopted August 5, 1946; a certificate of public convenience and necessity granted by the Commission by Decision No. 29448, dated January 11, 1937, authorizing the exercise of the franchise rights conferred by said Ordinance No. 118; and a certificate of public convenience and necessity granted by the Commission by Decision No. 35595, dated July 14, 1942, authorizing Blythe to supply gas within the unincorporated area adjacent to the City of Blythe not exceeding

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(2)

Prior to the sale of the stock and lease arrangement, Blythe distributed butane gas in its service area.

a distance of twenty miles from said city. At that time all of Blythe's facilities outside of the city were located on private property.

Blythe did not obtain an order from the Commission authorizing the exercise of said Riverside County Ordinance No. 324. However, Southern heretofore has obtained a franchise granted by the County of Riverside by Ordinance No. 272, adopted August 11, 1941, permitting the maintenance of gas facilities upon the highways throughout said county. In addition, it has obtained from the Commission, by Decision No. 34844, dated December 9, 1941, a certificate to exercise the rights granted by said ordinance, subject to the terms and conditions of said decision, it being provided, among other things, that Southern should not exercise such franchise for the purpose of supplying gas within those parts or portions of Riverside County then being served with gas by any other public utility. At that time Blythe, as an independently owned utility, was engaged in supplying gas in and about the City of Blythe and Indio Gas Company, also an independently owned utility, was engaged in supplying gas in and about the City of Indio. Southern now asks, in effect, that the certificate granted by said Decision No. 34844 be expanded or modified to permit the exercise of franchise rights granted by the existing ordinance it now holds to cover the unincorporated service area of Blythe.

A review of this and the earlier proceeding shows that following the acquisition of the stock and operations of Blythe by Southern the former customers of Blythe have been furnished and are now being furnished natural gas, in place of butane gas, under a more favorable rate schedule. The transfer as now proposed will carry to completion the consolidation of the properties under one

ownership. In applicants' opinion such consolidation will expedite the integration of the pipeline systems and will promote economies and efficiency in operations.

The program outlined in this application is in the public interest. The transfer of the properties will be authorized. The certificates of public convenience and necessity herein authorized to be transferred are subject to the provisions of law that the Commission has no power to authorize the capitalization of any franchise or permit whatsoever or the right to own, operate or enjoy any such franchise or permit, 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, permit or right.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

Under the uniform system of accounts for gas corporations, effective January 1, 1949, Southern is required to file with the Commission, within six months from the date of acquisition of the properties, its proposed journal entries to distribute the cost of such properties to the appropriate primary and other accounts.

#### O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary and that this application should be granted, as herein provided, therefore

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IT IS HEREBY ORDERED as follows:

1. Blythe Gas Co., Ltd., and Southern California Gas Company, after the effective date hereof and on or before June 30, 1949, may execute and deliver a Deed and Bill of Sale in substantially the form attached to this application as Exhibit "A" and Blythe Gas Co., Ltd., may transfer and assign to Southern California Gas Company the properties and assets set forth in said Deed and Bill of Sale, including, among other things, the certificates of public convenience and necessity referred to therein.

2. Southern California Gas Company, upon acquiring said properties and assets, shall assume all the debts, obligations and liabilities of Blythe Gas Co., Ltd.

3. The certificate of public convenience and necessity granted to Southern California Gas Company by Decision No. 34844, dated December 9, 1941, in Application No. 24484, is hereby amended so as to permit Southern California Gas Company to exercise the rights and privileges granted by the County of Riverside by Ordinance No. 272, adopted August 11, 1941, within the unincorporated service area now certificated to the Blythe Gas Co., Ltd.

4. Within thirty (30) days after the execution of said Deed and Bill of Sale, Southern California Gas Company shall file with the Commission a certified copy of the same as actually executed.

5. The authority herein granted will become effective on February 28, 1949.

Dated at San Francisco, California, this 23<sup>rd</sup> day  
of February, 1949.

R. J. [unclear]  
Justin K. [unclear]  
James [unclear]  
Harold P. [unclear]  
Kenneth Patten  
Commissioner's