

Decision No. 43010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 PACIFIC GAS AND ELECTRIC COMPANY, a
 corporation, for a certificate of
 public convenience and necessity to
 construct, operate, and maintain the
 natural gas project herein described
 for the purpose of supplying natural
 gas service to the City of Winters and
 contiguous territory, Yolo County, to
 exercise franchise rights in connection
 therewith, and to file and make effective
 rates applicable to such service, etc.

Application No. 30013

(Natural Gas Project - Winters)

Ralph W. DuVal and Frederick T. Searls,
 for applicant.

O P I N I O N

Pacific Gas and Electric Company, by the above-entitled application, requests a certificate of public convenience and necessity authorizing the extension of its natural gas system to serve the City of Winters and to exercise the right, privilege and franchise granted to it by Ordinance No. 230 of the city council of the City of Winters. Applicant also requests authority to supply natural gas service to the residents and industries in Winters and in territory adjacent thereto and along the route of the distribution feeder main, in accordance with a proposed schedule of rates submitted at the public hearing which was held before Examiner Edwards at Winters on May 18, 1949.

At the hearing, three witnesses appeared for the applicant to describe the type of system to be installed, the method under which the system will be operated, and the cost of installation and operation.

The Mayor of the City and the Secretary of the Chamber of Commerce testified as to the need of the proposed gas service.

Ordinance No. 230 of the City of Winters grants a franchise to Pacific Gas and Electric Company to lay and use pipes and appurtenances for transmitting and distributing gas in the public streets, ways and places within the City of Winters. The franchise was granted in accordance with the Franchise Act of 1937. The term of the franchise is indeterminate. A fee is payable by the grantee to the city equivalent to two per cent of the gross annual receipts arising from the use, operation or possession of the franchise, which sum, however, shall in no event be less than one per cent of the gross annual receipts. The costs incurred by applicant in obtaining the franchise are stated to have been \$74.50, of which \$50 represents the filing fee paid to the state, and the applicant has stipulated that it, its successors or assigns will never claim before the Commission, or before any court or public body, any value for the aforesaid franchise in excess of the actual costs thereof.

Applicant also will use the franchise granted by the County of Yolo under Ordinance No. 212 for permission to extend its mains in unincorporated territory. A certificate of public convenience and necessity to exercise the county franchise was granted by Decision No. 42876, Application No. 29836, under date of May 17, 1949.

The proposed natural gas feeder main will be connected with the high pressure transmission lines of the utility at the Shell Oil Company's gas well No. 2-1 located in the Winters gas field. Applicant has entered into an agreement with the Shell Oil Company for the delivery of gas produced in the Winters field. A three-inch gas main will be laid and installed on a private right of way, a distance of 3,600 feet to State Highway No. 28 and along said highway southwesterly a distance of approximately 12,600 feet to the city limits of Winters.

A pressure regulator will be installed at this point and a four-inch gas main run the remaining distance to the center of Winters. Within the City of Winters there will be installed a gas distribution system consisting of 9,465 feet of four-inch gas main and 24,140 feet of two-inch gas main, together with requisite meters, regulators, services and odorizer. Applicant's Exhibit A attached to the application contains a sketch of the proposed distribution lines.

The estimated cost of the project is \$117,502, which includes the cost of meters, regulators, and services in addition to the high pressure pipe. For service within the City of Winters, the utility will not require any prospective customer to advance money for service extensions.

Applicant estimates the annual cost of purchasing gas and operating and maintaining the system at \$20,000 during the third year of operation. It also estimates that there will be 387 customers during the third year using 40,900 Mcf of gas. Under the contract agreement with Shell Oil Company for gas supplied from the Winters field, it was stated that the cost of gas at point of delivery, including odorization, would approximate 15 cents per Mcf.

By the end of the third year, applicant expects the capital expenditure to be \$122,800 and in order to earn a reasonable return on the investment, it proposes a level of rates which will yield revenue in excess of \$25,000 per year.

The proposed general service rates are considerably higher than the presently effective rates for natural gas in cities of similar size and density characteristics and are higher than the general service rates requested in Application No. 29777, presently before the Commission for decision. The utility is likewise proposing firm industrial gas service rates that are higher than the present level of firm rates in cities of similar size and characteristics.

Mr. L. M. Ireland, Mayor of Winters, testified that the people in Winters are anxious to receive natural gas service and desire to have it available as soon as possible. With regard to rate levels, he stated that he thought the people of Winters should be entitled to an effective rate level comparable to that applicable in cities of similar size. Mr. R. A. Frisbee, Secretary of the Chamber of Commerce, Winters District, has been interested in obtaining natural gas since 1945. He believes the extension of this utility service will help the residential and industrial growth of the city. With regard to the level of rates for the proposed service, he did not want the community to be penalized, but thought that they should be at the level of gas rates in Willows, California.

The Commission is desirous that the utility extend service on a sound financial basis, but believes that the record does not justify the establishment of higher rates in Winters than those presently effective in comparable areas. Under the circumstances, it is believed proper that the general service customers in Winters should be placed on Rate Schedule G-5.2D applicable in Willows and that general service customers in the vicinity of Winters, located in unincorporated territory, be charged for gas service in accordance with Schedule G-6.2D. In addition, the following order will authorize applicant to make its presently effective base rates in Schedule G-40 for firm industrial gas service applicable for gas service in Winters and vicinity. The effective rates in this firm industrial schedule (G-40D) shall be appropriately calculated to reflect 900 Btu gas and the currently effective price of fuel oil.

At the hearing, no opposition to the granting of the certificate of public convenience and necessity was manifested. It appears that no other person, firm, public or private corporation is rendering natural gas service within the City of Winters, or along the route of the proposed line in Yolo County.

From the evidence of record, the Commission finds that public convenience and necessity require the installation of the proposed natural gas extension and the exercise by applicant of the right, privilege, and franchise granted to Pacific Gas and Electric Company by Ordinance No. 230 of the City Council of Winters.

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 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.
- (b) That the franchise 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 sum paid by it to the municipality therefor at the time of the acquisition thereof.

O R D E R

The above-entitled application having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the extension, operation and maintenance of a public utility gas system by Pacific Gas and Electric Company within that portion of Yolo County and the City of Winters as shown in Exhibit A of the application; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted Pacific Gas and Electric Company to construct, operate and maintain a public utility system for the distribution and sale of natural gas within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED that a certificate of public convenience and necessity is hereby granted to Pacific Gas and Electric Company to exercise the rights and privileges granted by the City of Winters by Ordinance No. 230 adopted January 2, 1946.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. Refile Rate Schedules G-5.2D, G-6.2D and file Rate Schedule G-40D in accordance with the requirements of General Order No. 96 to include the City of Winters and adjacent area within the territory of such schedules.
2. Revise its tariff service area map to include this new territory and refile same in accordance with the requirements of General Order No. 96.
3. Notify this Commission in writing of the completion of the extension for which this certificate is granted within thirty (30) days following such completion.

The authorization herein granted will be void if not exercised within one (1) year from the date hereof.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 21st day of

June, 1949.

R. Z. [Signature]
Julius F. Garner
Earl H. [Signature]
Harold P. [Signature]
Penelope [Signature]