

Decision No. 42766

## 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 Clovis  
 and contiguous territory, Fresno  
 County, and to exercise franchise  
 rights in connection therewith, and  
 to file and make effective rates  
 applicable to such service, etc.  
 (Natural Gas Project - Clovis)

Application No. 30391

ORIGINAL

Frederick T. Searls and Ralph W. DuVal for  
 applicant; Wayne Hall for City of Clovis;  
Howard B. Pennington for Clovis Chamber of  
 Commerce; May Case for Clovis Independent;  
William W. Wamsley for himself.

OPINION

Pacific Gas and Electric Company, in this application, requests a certificate of public convenience and necessity authorizing the extension of its natural gas system to serve the City of Clovis, Fresno County, and to exercise the right, privilege, and franchise granted to it by Ordinance No. 183 of the City Council of the City of Clovis. Applicant also requests authority to supply natural gas service to the residents and industries in Clovis and in territory adjacent thereto and along and adjacent to the natural gas mains to be installed as a part of the proposed project. At the public hearing, which was held before Examiner Cooper at Clovis on October 26, 1949, applicant submitted a schedule of proposed rates for service in this area.

Four witnesses appeared for applicant at the hearing to describe the gas facilities to be installed, the manner under which the proposed system will be served and operated, the cost of installing

the necessary facilities, the survey made to ascertain the number of prospective customers, and the estimated annual revenues and operating costs resulting from the operation of the proposed system. A representative for the Clovis Chamber of Commerce appeared and urged the Commission to give favorable consideration to the request of applicant to extend natural gas service to Clovis.

Ordinance No. 163 of the City of Clovis grants a franchise to Pacific Gas and Electric Company to lay and use in the streets of said city all pipes and appurtenances for transmitting and distributing gas to the public within the City of Clovis. The franchise was granted in accordance with the Franchise Act of 1937 and contains a provision that it shall be of indeterminate duration, running until its surrender or abandonment or forfeiture for noncompliance or purchase by the state or some municipal or public corporation, either voluntarily or by condemnation. A fee is payable by the grantee to the city equivalent to two per cent of the gross annual receipts of said grantee, arising from the use, operation or possession of said franchise; provided, however, that such payment shall in no event be less than one per cent of the gross annual receipts of grantee derived from the sale of gas within the limits of said city. The costs incurred by applicant in obtaining the franchise are stated to have been \$39.50 and the applicant has stipulated that it, its successors or assigns will never claim before the Commission, or before any court or public body, a value for said franchise in excess of the actual cost thereof.

Applicant stated it is in possession and ownership of certain rights, privileges and franchises granted by the County of Fresno for laying, maintaining and using gas pipes in public highways and streets located in said county. A listing of the applicant's gas franchises in the County of Fresno showing the ordinance numbers, the dates granted, the expiration date, and the grantee is set forth in the application.

Applicant proposes to supply natural gas to Clovis by means of an extension from the City of Fresno distribution system. The feeder main will commence in Fresno on McKinley Avenue, go east to First Street, north on First Street to Shaw Avenue, thence east on Shaw Avenue to Minnewawa, north on Minnewawa to Barstow, and on Barstow to the Clovis city limits. This feeder main will include 18,480 feet of 8" pipe; 21,150 feet of 6" pipe; 2,700 feet of 4" pipe; 4,570 feet of 3" pipe, and 10,960 feet of 2" pipe, or a total of 57,860 feet. In addition, applicant proposes to install a gas distribution system in Clovis consisting of 49,640 feet of 2-, 3-, 4-, and 6-inch mains, together with the necessary meters, regulators, services and meter station. Exhibit "A" attached to the application is a map showing the location of the proposed mains in Clovis and the route of the proposed feeder main in Fresno County. Applicant's witness stated that the construction of the project will be started not later than May 1, 1950. The estimated cost of the project is \$322,217.

Applicant's witnesses presented testimony at the hearing relating to the number of customers to be served from the proposed gas facilities in Clovis and vicinity, volume of gas sales, revenues, and operating expenses contemplated during the first, second, and third years of operation. By the third year of operation, applicant estimates the sale of 73,800 Mcf to 955 domestic, commercial and industrial customers for an annual revenue of \$54,300 under the proposed rates. The total operating expenses excluding federal income taxes were estimated to be \$41,900 during the same period, yielding \$12,400 net for return and federal income taxes.

Natural gas service to Clovis and vicinity is proposed under three rate schedules introduced at the hearing, one for incorporated general service, one for unincorporated general service, and one for firm industrial service. The rate schedules proposed are the same as

applicant's currently effective general service and firm industrial schedules (G-5, G-6 and G-40),<sup>1/</sup> plus a 30 per cent surcharge.

The Commission, by Decision No. 43010 dated June 21, 1949, and by Decision No. 43082 dated June 28, 1949, authorized applicant to initiate natural gas service in Winters and Kerman in accordance with the natural gas rate tariffs then effective for general and industrial service in communities of similar size. By Decision No. 43368 in Application No. 29777, the Commission eliminated certain subzone rates for general service customers in incorporated communities and in unincorporated territory, thus placing the entire territory served natural gas by applicant on six general service schedules with two minor exceptions. A single firm industrial schedule was prescribed for applicant's natural gas system in Decision No. 43368. Under the circumstances it is believed proper that the general service customers in the City of Clovis and in the adjacent unincorporated territory to be served by the proposed facilities should be placed on applicant's schedules containing the base rates applicable in filed G-5 (incorporated cities) and G-6 (unincorporated territory) tariff schedules. In addition, the following order will authorize applicant to make its presently effective base rates in Schedule No. G-40 - Firm Industrial Natural Gas Service applicable for such service in Clovis and adjacent territory.

No one appeared at the hearing to oppose the granting of this application. It appeared that no other person, firm, public or private corporation was rendering natural gas service within the City of Clovis or along the route of the proposed line in Fresno County.

From the evidence of record, the Commission finds that public convenience and necessity require the installation of the proposed natural gas extension and distribution system and the exercise by applicant of the right, privilege, and franchise granted to Pacific Gas and Electric Company by Ordinance No. 183 of the City Council of Clovis.

<sup>1/</sup> As authorized by Decision No. 43368 in Application No. 29777, dated October 4, 1949.

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; therefore,

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

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be and it is granted a certificate that public convenience and necessity require the exercise by it of the right, privilege and franchise granted to it by Ordinance No. 183 adopted April 4, 1949, by the City Council of the City of Clovis.

IT IS HEREBY FURTHERED ORDERED that applicant shall:

1. File Rate Schedules G-5, G-6, and G-40 in accordance with the requirements of General Order No. 96 to include the City of Clovis and the unincorporated territory supplied from the distribution line extending from Fresno to Clovis as more fully described in the preceding opinion. Such schedules are to be effective on or before the date service is initially rendered to the public.

2. Notify this Commission in writing of the completion of the system, for which this certificate is granted, within thirty (30) days following such completion.

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

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

Dated at San Francisco, California, this 7<sup>th</sup> day of February, 1950.

R. E. Zimmerman  
Justin F. Calder  
Robert L. Luce  
Harold P. Hule  
Herbert W. Foster  
Commissioners.