

Decision No. 44048

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
G. L. MC BRIDE and G. W. MC BRIDE,
doing business as PALO VERDE GAS CO.
for a certificate of public conven-
ience and necessity authorizing con-
struction of a gas plant, and
operation of same in public utility
service, within a portion of Imperial
County.

ORIGINAL

Application No. 30787

Gordon, Knapp & Hennessy, by
Sanford Waugh, for applicant.

O P I N I O N

G. L. McBride and G. W. McBride, co-partners doing business as Palo Verde Gas Co., a gas corporation, have in the above-entitled application requested this Commission to grant them a certificate of public convenience and necessity to furnish gas as a public utility in the community of Palo Verde and immediate vicinity.

A public hearing on this application was held by Examiner Crenshaw on February 9, 1950, at which no objection to the granting of the certificate was manifested.

The territory for which a certificate is requested is located within a portion of Imperial County, California, described as Section 2, Township 9 South, Range 21 East, S.B.B.M.

The only other public utility supplying gas service near the community of Palo Verde is the Southern California Gas Company which supplies natural gas in the City of Blythe. On November 18, 1949, this company signed a waiver of protest to the granting of the above application. The application involves construction of a liquefied petroleum gas plant and facilities and the operation of same as

a public utility service by applicants within a portion of Imperial County as described above.

G. W. McBride testified that he and his father, G. L. McBride, proposed to operate as co-partners the Palo Verde Gas Co. as a public utility to supply liquefied petroleum gas in the community of Palo Verde and vicinity. Applicants are, at the present time, operating and have for some time operated a liquefied petroleum gas business in the City of Blythe.

According to the record, most of the material necessary for the installation of the liquefied petroleum gas plant in Palo Verde is owned by applicants and can be installed immediately. It is estimated that the capital investment of the plant and distribution facilities will amount to \$24,200.

Applicants estimate that there will be about 50 customers connected during the first year, yielding an estimated annual gross revenue of \$5,400. The operating expenses are estimated to be \$3,700.

Applicants have obtained a franchise from the Board of Supervisors of Imperial County, granted by Ordinance No. 187, a copy of which is attached to and made a part of the application as Exhibit A. This is a Broughton Act type of franchise which was adopted July 18, 1949, and since Section 4 thereof provides that the work of laying pipe lines shall commence within four months from the effective date of the franchise, applicants have obtained two extensions of time in order to comply with this provision. The latest extension provides that the work must be commenced by June 30, 1950. The franchise covers a portion of the unincorporated territory of the County of Imperial, described as Section 2, Township 9 South, Range 21 East, S.B.B.M.

According to the franchise, applicants are required to pay to the County of Imperial 2% of the gross annual receipts arising from the use, operation, and possession of the franchise, such

payments to begin five years after the effective date of the franchise.

The rates, rules and regulations which applicants desire to make effective for service in this territory are substantially the same as those which were in effect for Blythe Gas Co., Ltd. and are set forth in its Exhibit No. 3 submitted at the hearing. These rates, rules and regulations appear to be reasonable for the service in this area; however, it is our opinion that an escalation clause should be incorporated in each of the rates to provide for the change in price of liquefied petroleum gas and it will be so authorized.

The certificate of public convenience and necessity 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

Public hearing having been held in the above-entitled application, the matter having been submitted and the Commission being fully advised,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the operation of a public utility gas system by G. L. McBride and G. W. McBride, co-partners doing business as Palo Verde Gas Co., a gas corporation, in the territory located within a portion of Imperial County, California, described as Section 2, Township 9 South, Range 21 East, S.B.B.M., in the vicinity of Blythe, in Imperial County.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted to G. L. McBride and G. W. McBride, co-partners doing business as Palo Verde Gas Co., a gas corporation, to operate a public utility gas system for the distribution and sale of liquefied petroleum gas within the territory hereinbefore described and to exercise the rights and privileges granted by the Board of Supervisors of the County of Imperial by Ordinance No. 187 adopted July 18, 1949, subject to the condition that it shall not make extensions into other territory contiguous to any of the certificated area described without authority first having been obtained from this Commission.

IT IS FURTHER ORDERED that applicants

1. Shall file in accordance with the requirements of General Order No. 96 rates, rules and regulations as set forth in their Exhibit No. 3, which is made a part of this order by reference, and the escalation clause as set forth in Exhibit A, attached to and made a part of this order, to be incorporated in each of the rates and to become effective on or before the date service is rendered to the public, together with a service area map acceptable to this Commission.
2. Shall within thirty (30) days thereafter notify this Commission in writing of the completion of the system for which this certificate is granted.
3. The authorization herein granted shall lapse if not exercised within one (1) year from the date hereof.

Escalation Clause to be Incorporated as a Special Condition
in each of the Schedules of the Palo Verde Gas Co.,
namely, Schedules 1, 2, 3, and 4, as set forth in Exhibit 3.

RATE

Under this caption show the base rate and the effective rate corresponding to the present price of propane as set forth in the following escalation clause:

SPECIAL CONDITIONS

The above rates per pound vary directly with the current purchase price of propane. For each increase or decrease of 0.1 cent per pound in the purchase price the above base rate, exclusive of minimum charge, will be increased or decreased 0.1 cent per pound. Calculations will be made to the nearest 0.1 cent per pound. The base rates have been established on a purchase price of 2.00 cents per pound computed on basis of 4.222 pounds per gallon.

When a change in cost of propane occurs, the company shall submit to the Public Utilities Commission of the State of California, within a period of fifteen (15) days, an Advice Letter and appropriate tariff schedules setting forth the new effective rates and accompanied by an affidavit of such change in the purchase price of propane. The new rates shall be effective beginning with the bill based on the first regular monthly meter reading, for billing purposes, which is taken on and after the thirtieth (30) day following such change in cost of propane.

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

Dated at San Francisco, California, this 18th day of April, 1950.

R. Z. [Signature]
James F. Calmes
James F. [Signature]
Harold Hula
Kenneth P. Potter
Commissioners.