

ORIGINAL

Decision No. 44321

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY, a corporation, under Section 50(b) of the Public Utilities Act for a certificate that public convenience and necessity require the exercise of the rights and privileges granted by Ordinance No. 504 of the City of Hawthorne, California.

Application No. 30568

T. J. Reynolds and Milford Springer, by Milford Springer, for applicant.

O P I N I O N

Southern California Gas Company in this proceeding seeks a certificate of public convenience and necessity for the exercise of the rights and privileges of a franchise granted by Ordinance No. 504 by the City of Hawthorne, permitting the installation, maintenance, and use of a gas distribution and transmission system upon the streets of said city.

The application as originally filed on August 23, 1949, was for the exercise of the franchise granted by Ordinance No. 489 adopted by the City of Hawthorne on July 12, 1949. After a hearing held upon the original application, and the discovery of a defect in said Franchise No. 489, applicant amended its application to seek the right to exercise a new franchise granted by the City of Hawthorne, a copy of which is attached to the amended application as Exhibit A. A hearing was held upon the amended application on May 9, 1950, before Examiner Crenshaw. No one appeared to protest the granting of the requested certificate.

The franchise which applicant seeks to exercise was granted by the City of Hawthorne in accordance with the Franchise Act of 1937, and is of indeterminate duration. It provides that a fee shall be paid annually to the City equivalent to 2% of the gross receipts arising from the use, operation or possession of the franchise, but not less than 1% of all the sales of gas within the limits of such city under said franchise.

Applicant reports that in obtaining a gas franchise from the City of Hawthorne it expended \$761.59 in securing the original franchise granted by Ordinance 489, and in addition, expended \$84.15 in advertising the amended franchise, a total of \$846.04. The costs incurred in connection with the original franchise are segregated as follows:

Advertising:	
Notice of intention to obtain franchise	\$.12.00
Ordinance No. 489	39.75
Notice of Public Utilities Commission hearing	3.00
Consideration for franchise	656.84
Public Utilities Commission filing fee	50.00
Total	\$761.59

The record shows that the item of \$656.84, stated as the consideration for the franchise, represents the amount which the City would have been required to advance under applicant's Rule and Regulation No. 21 covering a gas line extension to provide service to the city's airport, a line extension which applicant agreed to construct without requiring any payment by the City.

While the amount of \$656.84 is considered by applicant to be its cost of extending a line to supply gas service to the city's airport in connection with the franchise agreement, it appears that the actual cost of building the extension is capitalized in applicant's Plant Accounts. Therefore, the estimated amount of \$656.84 should not be treated as a part of the cost of the franchise, but only the amounts

expended in obtaining the original and amended franchises should be charged to the Franchise Account. Applicant shall submit to the Commission the journal entries covering the required correction of its books of account.

As this utility has for many years served gas in and about the City of Hawthorne without competition, it is evident that the certificate applied for should be granted.

The certificate of public convenience and necessity herein granted 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

Application as above entitled and an amendment thereto having been filed, public hearings having been held thereon, the matter having been submitted, the Commission being fully advised in the premises and hereby finding that public convenience and necessity so require,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity is granted to Southern California Gas Company to exercise the rights and privileges granted by the City of Hawthorne by Ordinance No. 504, adopted February 28, 1950.

IT IS HEREBY FURTHER ORDERED that Southern California Gas Company shall submit to the Commission within thirty (30) days from the effective date of this order, journal entries removing from its franchise account the charge of \$656.84 for the estimated cost of extending a service line to the airport of the City of Hawthorne and also removing the amount of \$656.84 which was credited to account, Contributions in Aid of Construction.

IT IS HEREBY FURTHER ORDERED that the request of the Southern California Gas Company for a certificate of public convenience and necessity to exercise the rights and privileges granted by the City of Hawthorne by Ordinance No. 489, adopted July 12, 1949, is hereby denied.

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

Dated at San Francisco, California, this 20th day of June, 1950.

R. E. Johnson

James L. ...

Harold ...

... (Patton)
Commissioners.