

Decision No. 45026**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SOUTHERN CALIFORNIA GAS COMPANY and
 PACIFIC GAS AND ELECTRIC COMPANY for
 an order of the Commission authorizing
 Applicants to carry out the terms of
 a written agreement dated October 21,
 1949, relating to the gas service areas
 of each Applicant, and another agreement
 dated July 7, 1950, covering exchanges
 of gas for service of customers located
 in parts of San Joaquin Valley.

Application No. 31701

OPINION AND ORDER

Southern California Gas Company and Pacific Gas and Electric Company, California corporations and applicants in this proceeding, by the above-entitled application filed August 25, 1950, request an order of the Commission authorizing them to carry out the terms of written agreements, dated October 21, 1949, and July 7, 1950. The agreement dated October 21, 1949 relates to the division of service area territory between applicants in the southern San Joaquin Valley. The agreement dated July 7, 1950 relates to the exchange of gas from transmission and/or distribution lines in parts of San Joaquin Valley. Copies of said agreements are attached to the application, marked Exhibits "A" and "B," respectively, and by reference made a part hereof for all purposes. Applicants now desire that the two agreements supersede an agreement dated October 9, 1946, which previously was authorized by Decision No. 40977 of this Commission in Application No. 28503, dated December 1, 1947.

Applicants, as well as the Coast Counties Gas and Electric Company, serve gas in various parts of the San Joaquin Valley. The agreement of October 21, 1949, particularly relates to Fresno County

and the segregation of this county between the applicants. Coast Counties Gas and Electric Company also serves in Fresno County and has accepted the same stipulation concerning service area and sales as was contained in Application No. 28503. This agreement does in no way change the territory served by the respective parties as provided in Decision No. 40977.

The second agreement, dated July 7, 1950, (but referred to in the service area agreement as being dated October 21, 1949, which was the date of the initial draft) covers exchange of gas for service of customers of one utility located in the service area of the other. Where transmission or distribution lines of one utility traverse the service area of the other, mutual beneficial savings in main extensions may result by one utility's obtaining service from taps on the other's lines. In the past, this exchange gas was sold at a price determined by their respective costs for the previous year. Field costs of gas are fluctuating and applicants claim that an exchange agreement is better and less complex than the existing sale agreement.

Under the proposed exchange agreement, the delivering company will tap its line and the distributing company will install a meter and service extension. The distributing company will replace any gas used by an equal quantity at an agreed delivery point and pay the delivering company a service charge at the rate of 10 cents per Mcf for all gas so exchanged.

These agreements contain provisions that they shall, at all times, be subject to change or modification by this Commission in the exercise of its jurisdiction, and that they do not become effective until after approval by the Commission. The agreement of October 21, 1949, has no specified term but is subject to termination on 90 days' written notice. The agreement of July 7, 1950 specifies a one year term and continues thereafter subject to termination on 60 days' written notice.

The Commission having considered the request of the applicants, the territory and sales of the Coast Counties Gas and Electric Company having been maintained, the conditions under which gas is to be exchanged appearing to be in the public interest, and being of the opinion that the application should be granted and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED that applicants be and they are authorized to carry out the terms and conditions of the written agreements, dated October 21, 1949 and July 7, 1950, and to render the services described therein under the terms, charges and conditions stated therein, subject to the following conditions:

1. Applicants shall file with the Commission within thirty (30) days after the effective date of this order, two certified copies of the agreements as executed, together with a statement of the dates on which the agreements are deemed to have become effective.
2. Applicants shall notify this Commission of the dates of termination of said agreements within thirty (30) days after said date of termination.

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

Dated at San Francisco, California, this 21st day of November, 1950.

A. E. Anderson
Justice J. Calleson
David L. Kewell
Harold P. Kile
Herbert P. Patton
 Commissioners.