

Decision No. 46450

ORIGINAL

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 of the)
State of California, for a certificate) Application No. 32679
that public convenience and necessity)
require the exercise of the rights and)
privileges granted by Ordinance)
No. 1847 (New Series) of the County)
of Los Angeles.)

T. J. Reynolds and Harry P. Letton, Jr.,
for applicant.

O P I N I O N

Southern California Gas Company in this application asks for a certificate of public convenience and necessity to exercise the rights and privileges granted by a franchise to it by Ordinance No. 1847 (New Series) of the County of Los Angeles permitting the installation, maintenance and use of a gas pipe line in a limited portion of Los Angeles County as more particularly set forth in the ordinance, a copy of which is attached to and made a part of Application No. 16451, and by reference made a part of the instant application.

This franchise was granted by the county in accordance with the Broughton Act and is for a term of 40 years. A fee is payable annually to the county, equivalent to 2% of the gross annual receipts arising from the use, operation or possession of the franchise. Such payment was estimated to be \$1,876.23 for the year 1950. The applicant is also required to make an installation payment to the county of \$100 for every mile or major fraction thereof of pipe line laid under the provisions of this franchise, which was estimated to be \$2,000.

The costs incurred by applicant in obtaining the franchise granted by Ordinance No. 1847 (New Series) of the County of Los Angeles, adopted August 11, 1930, which became effective September 10, 1930, were \$737.19 as of the date of this hearing. This amount includes the \$50 filing fee, \$100 bid cost, and \$518.24 covering mileage payments at the rate of \$100 per mile to and including September 30, 1951.

A public hearing on this application was held in Los Angeles by Commissioner Huls and Examiner Crenshaw on October 24, 1951, at which no objection to the granting of the requested certificate was manifested.

According to the record, applicant has under construction a pipe line approximately 38 miles in length extending into the Antelope Valley of southern California to be connected with the existing Pacific Gas and Electric Company's so-called Topock-Milpitas 34-inch natural gas line near Mojave, California. The purpose of this proposed pipe line is to render natural gas service to the communities of Mojave, Lancaster, and Palmdale, in which applicant is now serving liquefied petroleum gas. In addition, applicant contemplates rendering natural gas service to the community of Rosamond which, at present, does not have gas service.

The proposed pipe line consists of 2-inch, 4-inch, 6-inch, and 8-inch pipe, of which approximately half of the total length would be located in Los Angeles County, and the remainder in Kern County.

On April 10, 1930, applicant filed its Application No. 16451, in which it requested a certificate of public convenience and necessity to exercise certain franchise rights in the County of Los Angeles under a franchise to be acquired. That Application

No. 16451 was consolidated for hearing with Application No. 16510 of the Commercial Gas Company, Ltd., which was also seeking a certificate of public convenience and necessity in the same territory. The purpose of these applications was to obtain a certificate from this Commission to exercise the franchise rights granted by an ordinance issued by the County of Los Angeles and for a certificate to construct, operate, and maintain liquefied petroleum gas plants and distribution systems in the communities of Lancaster and Palmdale.

In Decision No. 22640 dated July 9, 1930, this Commission denied, without prejudice, the application of the Commercial Gas Company, Ltd., and granted to Southern California Gas Company a certificate of public convenience and necessity to exercise the franchise rights to be acquired from the County of Los Angeles under certain conditions for the supplying of gas to the residents of Lancaster and Palmdale. That certificate was limited to the communities of Lancaster and Palmdale and was described as follows:

"Sections 9, 10, 11, 14, 15, 16, 21, 22, 23, all in Township 7 N., Range 12 W., S.B.B. & M.; also S.E. 1/4 of Section 22, S. 1/2 of Section 23, S.W. 1/4 of Section 24, W. 1/2 of Section 25, Section 26, E. 1/2 of Section 27, N.E. 1/4 of Section 34, N. 1/2 of Section 35, N.W. 1/4 of Section 36, all in Township 6 N., Range 12 W., S.B.B. & M."

In Decision No. 27996 dated May 27, 1935, this Commission in its Fourth Supplemental Order in Application No. 16451 granted to Southern California Gas Company permission to exercise the rights and privileges granted to it by Ordinance No. 1847 (New Series) of the County of Los Angeles as referred to in the Commission's Decision No. 22640, provided that the Commission thereafter, by appropriate proceedings and orders, might revoke and limit as to territory not then served by Southern California Gas Company or its successors and interests, the authority therein granted.

Franchise Ordinance No. 1847 (New Series) of the County of Los Angeles covered that portion of Los Angeles County lying east of the range line between Range 14 W. and 15 W., S.B.E. & M. and north of the southerly boundary of the Angelus National Forest. Since applicant has only a certificate to exercise the franchise rights and privileges granted by County Ordinance No. 1847 (New Series) in the communities of Lancaster and Palmdale, it now has requested that this Commission order and declare, pursuant to the provisions of Section 1002 of the Public Utilities Code of the State of California, that public convenience and necessity require the exercise by applicant of the rights and privileges granted by Ordinance No. 1847 (New Series) of the County of Los Angeles within the area described as follows:

"Township 8 N., Range 12 W.; Township 7 N., Range 12 W.; Township 6 N., Range 12 W.; W $\frac{1}{2}$ of Township 6 N., Range 11 W.; and Sections 1, 2, 3, 4, and 5 of Township 5 N., Range 12 W., S.B.E. & M."

The authorization originally requested by applicant in this proceeding did not seek a certificate for the construction of the new pipe line and the supplying of gas within Los Angeles County pursuant to the provision of Section 1001 of the Public Utilities Code of the State of California. At the time of the hearing applicant did not submit proposed initial rates for natural gas service to be rendered in the area, but stated that the rates under consideration by them should be about 15% less than the present butane rates when adjusted to equivalent heating value of the gases, and that better service would result and its continuity would be ~~assumed~~ ^{assured}. Applicant further stated that it has entered into a gas exchange agreement with Pacific Gas and Electric Company providing for the delivery of natural gas from the Topock-Milpitas 34-inch pipe line, whereby applicant will

deliver an equivalent quantity of natural gas to Pacific Gas and Electric Company at Kettlemen Hills.

The present record is silent as to whether or not applicant has a franchise and certificate of public convenience and necessity for the area in Kern County which is to be used for the construction of the natural gas pipe line and the distribution system in Rosamond.

Subsequent to the hearing, applicant filed an amendment to this application on November 14, 1951 enlarging upon its prayer to include the following, which is an addition to the certificate originally requested under Section 1002 to exercise the rights and privileges granted by Ordinance No. 1847 (New Series) of the County of Los Angeles:

1. That this Commission issue an order pursuant to the provisions of Section 1001 of the Public Utilities Code of the State of California that public convenience and necessity require the construction of the 38-mile pipe line previously mentioned.
2. That this Commission accept for filing and make effective on less than statutory 30 days' notice the rate schedules G-9 - General Natural Gas Service, and G-21 - Commercial Natural Gas Service, attached to the amended application as Exhibit A.
3. That this Commission accept for filing and make effective by preliminary order as soon as possible, upon less than statutory 30 days' notice, a revision of applicant's presently filed Rule and Regulation No. 30, Limitation upon Firm Nonresidential Natural Gas Service to eliminate application of the rule to Antelope Valley District, and Rule and Regulation No. 31, Limitation upon Natural Gas Service applicable only in Antelope Valley District; and made a part of Exhibit A, attached to the amended application.

At the hearing a witness for applicant briefly described the proposed pipe line facilities to be used for the rendition of natural gas service to the communities located in Kern and Los Angeles Counties. The estimated cost of the project was stated

to be \$362,000 for the necessary facilities to make natural gas available to approximately 1,670 customers.

In the amendment to the application, it was stated by applicant that the portion of the pipe line located in Kern County will be constructed under Franchise Ordinance No. 163 of said county. Applicant further points out that a certificate of public convenience and necessity was granted by this Commission in its Decisions No. 7490 dated April 26, 1950, in Application No. 5327 (18 C.R.C. 129) and No. 19927 dated April 26, 1920, in Application No. 13975 (32 C.R.C. 934).

Applicant's witness stated also that the facilities at its Palmdale plant have inadequate capacity for the anticipated forthcoming winter load and that a similar situation, to a lesser degree, exists at the Lancaster and Mojave plants. Because of this situation, applicant is desirous of commencing natural gas service at the earliest possible date in order to avoid additional investment costs for liquefied petroleum gas equipment which would be used for only a short period of time.

It was brought out at the hearing that applicant has not designed any specific rates for natural gas service in the Antelope Valley area, but was giving considerable thought to the matter.

In its amended application proposed rate Schedules G-9 for General Service, and G-21 for Commercial Service were submitted as a part of Exhibit A, attached to and made a part of the application.

These schedules are the same as those proposed by applicant for natural gas service in the Imperial Division in their Application No. 32675, filed August 17, 1951, for general system-wide increase in natural gas rates. These proposed rates for the Antelope Valley area were not substantiated in the amended application by earning studies. Therefore, before appropriate

rates can be authorized by this Commission, it will be necessary for applicant to submit further evidence at a subsequent hearing as to their reasonableness.

According to the record in this proceeding, applicant will be supplied natural gas by the Pacific Gas and Electric Company in accordance with an exchange agreement. Since said agreement had not been executed at the time the amended application was filed, applicant proposes to submit the agreement as soon as it has been consummated for this Commission's approval.

In this connection, applicant has submitted for approval a Rule and Regulation No. 31 - Limitation upon Natural Gas Service, applicable only in Antelope Valley District as a part of Exhibit A, attached to the amended application. The proposed Rule and Regulation No. 31 provides that Southern California Gas Company will not deliver gas in excess of 25,000 cubic feet per day to any consumer unless such consumer cannot readily use another fuel without undue hardship. If request for service be denied in accordance with the provisions of the rule, the consumer shall have the right of appeal to this Commission for its decision.

Applicant likewise has submitted a revision of its currently effective Rule and Regulation No. 30 - Limitation upon Firm Nonresidential Gas Service to exclude the application of said rule to its Antelope Valley District.

The modification as referred to of Rule and Regulation No. 30 and the new Rule and Regulation No. 31 appear to be reasonable and will be authorized in the order following.

It is evident from the record in this proceeding that the certificate applied for by applicant under Sections 1001 and 1002 of the Public Utilities Code of the State of California should be granted.

The certificate of public convenience and necessity herein granted 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.

It appears from the record that certain requests in these applications are reasonable and should be granted. Accordingly, the decision will become effective five (5) days after the date hereof, and the rules and regulations shall be made effective upon one (1) day's notice to the Commission and the public, as specified and prescribed in the order following.

O R D E R

Application as above entitled having been filed, a public hearing having been held thereon, the matter having been submitted, an amendment thereto having been filed, and the Commission being fully advised in the premises,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity will require the construction and operation of a gas pipe line by Southern California Gas Company in Los Angeles and Kern Counties, and a distribution system in the community of Rosamond in the area set forth in a map marked Exhibit 2 in this proceeding, and the exercise by Southern California Gas Company of the right, privilege, and franchise, granted to it by Ordinance No. 1847 (New Series) of the County of Los Angeles; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be granted to Southern California Gas Company to construct, operate, and maintain a gas pipe line in Los Angeles and Kern Counties and a distribution system in the community of Rosamond in the area set forth in a map marked Exhibit 2 in this proceeding, and to exercise the rights and privileges granted by the Board of Supervisors of the County of Los Angeles by Ordinance No. 1847 (New Series) adopted August 11, 1930, subject to the following conditions and not otherwise:

1. That the authority herein granted shall apply only to those portions of Los Angeles County described as follows: Township 8 N., Range 12 W.; Township 7 N., Range 12 W.; Township 6 N., Range 12 W.; $W\frac{1}{2}$ of Township 6 N., Range 11 W.; and Sections 1, 2, 3, 4, and 5 of Township 5 N., Range 12 W., S.B.B.& M., excluding the following described territory for which Southern California Gas Company now has a certificate of public convenience and necessity in the communities of Palmdale and Lancaster:

Sections 9, 10, 11, 14, 15, 16, 21, 22, 23, all in Township 7 N., Range 12 W., S.B.B.& M.; also $SE\frac{1}{4}$ of Section 22, $S\frac{1}{2}$ of Section 23, $SW\frac{1}{2}$ of Section 24, $W\frac{1}{2}$ of Section 25, Section 26, $E\frac{1}{2}$ of Section 27, $NE\frac{1}{4}$ of Section 34, $N\frac{1}{2}$ of Section 35, $NW\frac{1}{4}$ of Section 36, all in Township 6 N., Range 12 W., S.B.B.& M.

2. That Southern California Gas Company, prior to the rendering of natural gas service in the communities of Mojave, Rosamond, Lancaster, and Palmdale and adjacent territory shall obtain from this Commission authorization of natural gas tariffs applicable to service therein.
3. That Southern California Gas Company, prior to the rendering of natural gas service in the communities here involved, shall obtain from this Commission authorization to execute the exchange agreement which is now being negotiated between them and the Pacific Gas and Electric Company for the supplying of natural gas service.

EXHIBIT A
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RULE AND REGULATION

NUMBER 30

LIMITATION UPON FIRM NONRESIDENTIAL NATURAL GAS SERVICE
APPLICABLE IN ALL TERRITORY EXCEPT ANTELOPE VALLEY DISTRICT
OF THE NORTHERN DIVISION

In order that this utility may be enabled to make the most effective and economic use of the natural gas available and to be available, each of the firm nonresidential gas rate schedules and contracts of, and the rules and regulations governing the sale of natural gas by, this utility on file with the Public Utilities Commission of the State of California shall be deemed amended and is hereby declared amended or reformed to the extent that any such schedule, contract, rule or regulation is or may be inconsistent, or in conflict, with the following condition and regulation:

- (1) Service of gas for nonresidential usage under any firm schedule in any equipment (usage to be cumulative in such equipment and all equipment thereafter added at the same premises) estimated by the Company to use in excess of 25,000 cubic feet of gas per day of 24 hours, not served at the effective date hereof with gas under a firm schedule, may be refused by the Company with the approval of the Public Utilities Commission of the State of California in those cases where the consumer could, in the judgment of the Company, readily use a substitute fuel without undue hardship, or in those cases where the amount of such usage during periods of firm peak demand might, in the judgment of the Company, be such as to jeopardize firm service to domestic customers.

EXHIBIT A
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RULE AND REGULATION

NUMBER 31

LIMITATION UPON NATURAL GAS SERVICE

APPLICABLE ONLY IN ANTELOPE VALLEY DISTRICT

OF THE NORTHERN DIVISION

In order that this utility may be enabled to make the most effective and economic use of the natural gas available and to be available, each of the gas rate schedules and contracts of, and the rules and regulations governing the sale of natural gas by, this utility applicable in the Antelope Valley District of the Northern Division on file with the Public Utilities Commission of the State of California shall be deemed amended and is hereby declared amended or reformed to the extent that any such schedule, contract, rule or regulation is or may be inconsistent, or in conflict, with the following condition and regulation:

- (1) This utility will not deliver in excess of 25,000 cubic feet of gas per day of 24 hours to any consumer unless such consumer cannot readily use another fuel without undue hardship. This utility will determine in the first instance whether any consumer shall be entitled under the terms of this rule to receive more than 25,000 cubic feet of gas per day. In the event the consumer's application for such service should be denied by this utility, the consumer shall be advised in writing of said refusal, together with his rights of appeal to the Public Utilities Commission of the State of California. Copies of said consumer's application for such service and the denial will be forwarded to the Public Utilities Commission of the State of California and to this utility's wholesale supplier of gas; the matter then being submitted to the Commission for its decision after consideration of the views of all parties concerned, including the wholesale supplier. In the event this utility should in the first instance approve an application for such service, the application will be submitted to said wholesale supplier for its consent, and a copy of the application will be forwarded to the Commission; if the consent of the wholesale supplier should be refused, or withheld for more than 60 days after receipt of the application, the Commission, upon written request by this utility, will decide the matter.

This utility will not, in any case, commence service to any consumer in excess of 25,000 cubic feet per day until it shall have first obtained the consent of either the wholesale supplier or the Commission in accordance with the procedure outlined in this rule.

IT IS HEREBY FURTHER ORDERED that Southern California Gas Company is authorized to file in quadruplicate with this Commission, after the effective date of this decision, in conformity with General Order No. 96, the Rules and Regulations Nos. 30 and 31 set out in Exhibit A attached hereto and, after not less than one (1) day's notice to this Commission and to the public, to make said rules effective upon the commencement of natural gas service.

The effective date of this order shall be five (5) days after the date hereof.

Dated at San Francisco, California, this 20th day of November, 1951.

R. Z. [Signature]
President.
Justus F. [Signature]
Harold P. [Signature]
[Signature]
[Signature]
Commissioners.