

ORIGINAL

Decision No. 47696

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of COMMERCIAL LAND COMPANY and)
SOUTHERN CALIFORNIA GAS COMPANY,)
under Section 851 of the Public)
Utilities Code, for an order of)
the Commission authorizing the)
former to sell and the latter to)
buy certain gas distribution)
facilities within and adjoining)
the unincorporated community of)
Tupman, California.)

Application No. 33669

OPINION AND ORDER

This is a joint application of Commercial Land Company and Southern California Gas Company requesting an order of this Commission authorizing Commercial to sell and Southern to buy certain gas distribution facilities in accordance with the terms of an agreement dated June 13, 1952. A copy of this agreement is attached to the application as Exhibit "A". Applicants further request this Commission to issue an order: revoking, in so far as the service of gas is concerned, the certificate of public convenience and necessity granted to Commercial by this Commission under Decision No. 15564; extending the certificate of public convenience and necessity granted to Southern by this Commission, under Decision No. 19927, or granting a new certificate; authorizing Southern to file its existing rate Schedules G-6 and G-20, amended to cover the service of natural gas by it within and adjoining the unincorporated area of Tupman, California; granting such additional or different authorization as the Commission may deem appropriate.

Commercial is engaged in the purchase, distribution and sale of gas within and adjoining the unincorporated community of Tupman, California. Southern is engaged in the purchase, distribution and sale of gas in the central and southern portions of the State of California and has been selling gas to Commercial on a wholesale basis for many years.

By an agreement dated June 13, 1952, Commercial has contracted to sell and Southern has contracted to buy all of the former's gas distribution facilities located within and adjoining the unincorporated community of Tupman, California. The said agreement is subject to an order of this Commission authorizing the contemplated sale and conveyance.

The facilities involved include (a) approximately 5,761 feet of 2-inch gas main, 338 feet of 1½-inch gas main, and 212 feet of ¾-inch gas main (b) 30 feet of ¾-inch service pipe and 58 ¾-inch service risers (c) 57 No. 1A Sprague meters, in service, 1 No. 3A Sprague meter, in service, and 3 No. 1A Sprague meters, in stock and (d) 2 weight loaded regulators, comprising all of the natural gas distribution facilities owned and operated by Commercial within and adjoining the unincorporated community of Tupman, California.

The facilities are located as shown on the map attached to the application as Exhibit "B". The purchase price provided for in the said agreement is the sum of \$800, plus the book cost of such additional facilities and betterments as may be installed between June 13, 1952 and the closing date provided for in the agreement.

Southern has agreed that, upon the consummation of the purchase and sale contemplated by the agreement of June 13, 1952, it will assume all obligations of Commercial to render service from the facilities involved. Inasmuch as the existing gas distribution system is in very poor condition, Southern may be required to replace all or substantially all of the said system. Southern estimates that it will be required to spend between \$8,000 and \$12,500 to provide adequate distribution facilities, depending upon the condition of the distribution system as ultimately determined.

Commercial is presently serving only 60 gas customers within and adjoining the unincorporated area of Tupman, California. Commercial wishes to discontinue that service because it has become difficult for it to serve so few customers in an efficient and economical manner. Commercial entered into the agreement of June 13, 1952 in order to achieve this purpose and, at the same time, make available to consumers within the area an improved gas service from a large and well-equipped utility. Southern entered into the agreement at the request of Commercial. Inasmuch as Southern for many years has been selling gas to Commercial on a wholesale basis and operates generally within other nearby areas in Kern County, it can logically assume the obligation of serving the consumers within the area now served by Commercial.

By Decision No. 15564 of this Commission, dated October 23, 1925, Commercial was granted a certificate of public convenience and necessity authorizing it to supply gas and water to customers within and adjoining the unincorporated community of Tupman, California. By this application, Commercial requests that its said certificate be revoked, in so far as the service of gas is concerned, and requests that Southern be granted a certificate to serve the area in its place and stead.

Southern now owns certain franchise rights under Ordinance No. 163 of the County of Kern, which ordinance was adopted by that county on December 15, 1919, has a duration of 50 years, and covers the unincorporated community of Tupman, California. By Decision No. 19927 of this Commission, dated June 25, 1928, Southern was granted a certificate of public convenience and necessity authorizing it to exercise franchise rights under the said ordinance. By this application, Southern requests that the Commission extend the said certificate to enable it to own, operate and maintain the facilities described in this application, or, in the discretion of the Commission, grant a new certificate for that purpose. Finding that public convenience and necessity so require, the following order will extend Southern's certificate to the area as requested, 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.

By reason of its more extensive distribution facilities and operations, Southern can provide improved maintenance and better continuity of service to the consumers within the area in question. Southern can offer improved customer service to the consumers in the area by way of adjustment of appliances, replacement of appliance parts, and similar matters.

Southern proposes that it be authorized to file and amend its existing General Natural Gas Service Rate Schedule G-6 and Commercial Service Schedule G-20 to include the unincorporated area of Tupman, California and adjoining territory. The following order will authorize Southern to file said schedules.

Southern and Commercial allege that this transfer of facilities from Commercial to Southern for the distribution of gas within and adjoining the unincorporated community of Tupman, California, is in the public interest and for the benefit of the utility service to the public.

The Commission having considered the requests of the applicants and being of the opinion that the application should be granted and that a public hearing is not necessary and it appearing to the Commission that the proposed transfer of property will not be adverse to the public interest, therefore,

IT IS HEREBY ORDERED as follows:

1. Commercial Land Company, on or after the effective date hereof, and on or before December 31, 1952, may sell in accordance with the terms of an agreement dated June 13, 1952, attached to the application as Exhibit "A", those certain gas distribution facilities described therein, to Southern California Gas Company, subject to the following conditions:
 - a. The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.
 - b. Within thirty (30) days thereafter, applicants shall notify this Commission in writing, of the completion of the property transfer herein authorized and submit a copy of the bill of sale.
2. That Commercial Land Company, concurrently with the consummation of the sale and transfer to Southern California Gas Company of the properties described above, cease furnishing and supplying gas service to customers presently served by it by means of said properties and is relieved of the duties and responsibilities of a gas corporation within the unincorporated community of Tupman, California, and that the certificate of public convenience and necessity authorizing Commercial to operate as a gas utility in said territory be and the same is hereby revoked.
3. The certificate of public convenience and necessity granted to Southern California Gas Company by this Commission under Decision No. 19927, dated June 25, 1928, to exercise the rights and privileges granted by the County of Kern by Ordinance No. 163 adopted

December 15, 1919, is extended to include the unincorporated territory within and adjoining Tupman, California, subject, however to the following conditions:

- a. That Southern California Gas Company shall not exercise said franchise for the purpose of supplying gas in those parts or portions of Kern County not now served by it except through extensions of its existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code, and
 - b. That the Commission may hereafter by appropriate proceeding and order limit the authority herein granted to applicant as to any territory within said county not then being served by it.
4. Southern California Gas Company is authorized to file its existing gas rate Schedules G-6 and G-20, in accordance with procedure prescribed by General Order No. 96, and amended to cover the service of natural gas by it within and adjoining the unincorporated area of Tupman, California.

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

Dated at San Francisco, California, this 16th day of September, 1952.

R. T. Anderson
President.

James F. Caswell

Harold Huls

John D. Mitchell

Commissioners.