

ORIGINALDecision No. 49128

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 PACIFIC GAS AND ELECTRIC COMPANY for a)
 certificate of public convenience and)
 necessity to construct, operate and)
 maintain the natural gas project herein)
 described; for certificates under)
 Article 1 of Chapter 5 of the Public)
 Utilities Code re the exercise of rights)
 under franchises obtained and to be)
 obtained; for authorization to supply)
 natural gas service to the City of)
 Rocklin and the Town of Loomis and)
 adjacent areas in the County of Placer,)
 and to file and make effective the)
 attached gas tariff schedules.)
 (Natural Gas Project - Rocklin-Loomis))

Application No. 34427

R. W. DuVal and J. C. Morrissey,
 for applicant.
George C. Young and William W. Evers,
 for the Commission staff.

OPINION AND ORDER

Applicant, Pacific Gas and Electric Company seeks a certificate of public convenience and necessity to construct, operate and maintain a natural gas project in the City of Rocklin, the Town of Loomis and adjacent areas in the County of Placer.

Public hearing was held before Examiner Daly on September 1, 1953, in San Francisco. No appearance was made in protest to the authority sought.

By Decision No. 43004 in Application No. 29988, applicant was granted a certificate to exercise the rights and privileges granted by the County of Placer by Ordinance No. 196, adopted March 5, 1948, said franchise being of indeterminate duration.

The City of Rocklin granted a franchise to applicant on June 9, 1953 by Ordinance 124, a copy of which was received in

evidence as Exhibit No. 2. Said franchise is of indeterminate duration and was granted pursuant to the Franchise Act of 1937. A fee payable annually to the City equivalent to 2 per cent of the gross receipts arising from the use, operation, or possession of the franchise, but not less than 1 per cent of the gross annual receipts from the sale of gas within the limits of the City under said franchise.

The costs incurred by applicant in obtaining the franchise are stated to have been \$51.25, which amount does not include costs incident to this application.

Applicant presently has a 12-inch natural gas transmission line, Main No. 123, extending from Antelope to Lincoln, where it is connected to applicant's 8-inch natural gas transmission line, Main No. 124, which latter main extends northwesterly to Sheridan and Marysville. From its Line No. 123 applicant proposes to extend a 4-inch transmission main, approximately 4.35 miles, to a regulator pit to be installed in the City of Rocklin. From said regulator pit applicant proposes to extend a 4-inch high pressure distribution main, approximately 3.5 miles, to the unincorporated Town of Loomis. Within the City of Rocklin approximately 46,000 feet of 4-, 3- and 2-inch semi-high pressure distribution main will be laid. Approximately 16,810 feet of the same sizes and type of main will be laid within the Town of Loomis.

Applicant proposes to pay the cost of constructing the project out of its income and from funds in its treasury other than those obtained from the issue of securities.

Based upon an estimate (Exhibit No. 3) that it will be serving 758 customers at the end of the third year, applicant anticipates a total revenue of \$74,370 with expenses of approximately \$58,900, leaving an estimated net revenue of \$15,470.

The anticipated cost of the project is \$250,847. With a capital investment of approximately \$268,830 the rate of return would be approximately 5.8 per cent.

The estimated revenues included in applicant's Exhibit No. 3 are based upon General Natural Gas Service Schedules No. G-5.1 (incorporated territory), No. G-6.1 (unincorporated territory), and Interruptible Natural Gas Service Schedule No. G-50.1, copies of which were attached to the application as Exhibit F. These schedules are currently effective on applicant's system for gas service in territory served from the Salinas-King City 8-inch gas main and will be authorized in the following order as applicable to the proposed extension in this application.

In the determination of the rate of return shown in Exhibit No. 3, applicant calculated the expense for gas purchased to reflect the average transmitted system cost of gas to the distribution system. It also should be noted that applicant included operating costs and capital costs for 23,000 feet of 4-inch main which was classified as transmission. Because of this fact and in view of the long range estimates before the Commission at the present time the order will require applicant to submit a results of operation report in the form presented in applicant's Exhibit No. 3 in this application to cover the first, second and third year's operation in this area.

It appears that no other firm is now engaged in the business of furnishing public utility gas service in the proposed area and that applicant is so engaged in the area adjacent thereto.

Upon completion in July 1954, the natural gas project will provide service to many individuals and industries situated in the territory involved. After full consideration of the evidence the Commission is of the opinion, and so finds, that public convenience and necessity require the construction, operation and

maintenance of the natural gas project hereinbefore described. The Commission further finds that public convenience and necessity require the exercise by applicant of the right, privilege and franchise granted to applicant by Ordinance No. 196 of the County of Placer to the extent necessary to construct, operate and maintain the above-described gas project in the unincorporated area of Placer County. It is further found that public convenience and necessity require the exercise by applicant of the right, privilege and franchise granted to applicant by Ordinance No. 124 of the City of Rocklin.

The certificate of public convenience and necessity issued herein is subject to the following provisions of law:

1. 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.
2. 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 having been filed, the Commission being informed in the premises, and it having been found that public convenience and necessity so require,

IT IS HEREBY ORDERED:

1. That a certificate of public convenience and necessity be and it is hereby granted to Pacific Gas and Electric Company to:

- a. Construct and operate the natural gas project hereinbefore described,
 - b. Exercise the rights and privileges granted it by the County of Placer by Ordinance No. 196 to the extent necessary to construct and maintain the natural gas project hereinbefore described,
 - c. Exercise the rights and privileges granted by the City of Rocklin by Ordinance No. 124 adopted June 9, 1953.
2. That applicant shall file its General Natural Gas Service Schedules Nos. G-5.1 and G-6.1 and Interruptible Natural Gas Service Schedule No. G-50.1 in accordance with the requirements of General Order No. 96 to include the City of Rocklin and the community of Loomis and unincorporated territory to be served from the gas main as more fully described in the opinion. Such schedules are to be effective on or before the date service is initially rendered to the public.
 3. That applicant shall maintain its records so that revenues, capital costs, and operating expenses for the natural gas project herein authorized may be readily determined at any time and shall file with the Commission at the end of the first, second and third years' operations, a statement in the form set forth in Exhibit No. 3 for the preceding year.
 4. That applicant shall notify this Commission in writing of the completion of the system for which this certificate is granted, within thirty days thereafter.

The authorization to construct the natural gas project will lapse if not exercised within one year from the date hereof.

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

Dated at Los Angeles, California, this 12th day of September, 1953.

[Signature]

 President

[Signature]

[Signature]

Justus F. Craemer
 Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioners.