

**ORIGINAL**Decision No. 49129

## 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 under Article 1, )  
 Chapter 5, of the Public Utilities )  
 Code for the natural gas project )  
 herein described; and for authoriza- )  
 tion to supply natural gas service )  
 in the Town of Linden, and adjacent )  
 areas in the County of San Joaquin, )  
 and to file and make effective the )  
 attached gas tariff schedules. )  
 (Natural Gas Project - Linden) )

Application No. 34601

R. W. DuVal and J. C. Morrissey,  
 for applicant.

George C. Young and William W. Evers, for  
 the Commission's 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 unincorporated Town of Linden, and adjacent areas in the County of San Joaquin.

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. 40976 in Application No. 28820 this Commission granted applicant a certificate to exercise the rights and privileges granted by the Board of Supervisors of San Joaquin County by Ordinance No. 497 adopted April 28, 1947. Said franchise is for a term of fifty years and expires on May 28, 1997.

Gas for the proposed area will be provided from applicant's lower San Joaquin Valley fields or from out-of-state sources transported north from the Kettleman compressor station through

applicant's Stanpac gas main and Main No. 108 to the City of Stockton.

Applicant proposes to lay approximately 43,600 feet of 6-inch high pressure gas main and 12,150 feet of 2-inch high pressure gas main. The anticipated cost of the project is \$172,446. 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. 8) that it will be serving 355 customers at the end of the third year, applicant anticipates a total revenue of \$36,920 with expenses of approximately \$27,080, leaving an estimated net revenue of \$9,840. With an expected capital investment of approximately \$181,100 the rate of return would be 5.4 per cent.

The estimated revenue is based upon a proposed General Service Schedule No. G-6.3, a copy of which is attached to the application as Exhibit C.

Applicant currently has effective three General Natural Gas Service Schedules at varying rate levels applicable to Natural Gas Service in unincorporated territory, as follows:

Schedule No. G-6 - All unincorporated territory not provided for in other rate schedules.

Schedule No. G-6.1 - Unincorporated territory supplied from the Salinas-King City eight-inch gas main.

Schedule No. G-6.3 - Unincorporated territory supplied from the Empire-Waterford six-inch gas main.

The monthly billings under each of the above schedules for a domestic customer using 6000 cu.ft. of 1100 Btu gas are \$5.04, \$6.94 and \$8.06, respectively. It will thus be observed that for the usage stated the G-6.1 schedule is approximately 27.4% higher than Schedule No. G-6 and Schedule No. G-6.3 is 37.5% higher than Schedule No. G-6.

In previous orders <sup>1/</sup> the Commission has eliminated certain subzone rates except where unusual circumstances prevailed. It is evident that present-day construction costs are responsible for applicant requesting the rate level under Schedule No. G-6.3 which rate was established to provide for the special conditions of service to Waterford and adjacent territory. It is noted this procedure is not in harmony with past policy of this Commission and that the results of operations are predicated on operations three years in the future. Under the circumstances it appears that Rate Schedule No. G-6.1 will establish reasonable rates for the proposed service in this area. In addition, the following order will require applicant to submit a results of operations report in the form presented in applicant's Exhibit No. 8 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 February 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. 497 of the County of San Joaquin to the extent necessary to construct, operate and maintain the above-described gas project in the unincorporated area

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<sup>1/</sup> D-43368 (49 CPUC 107), D-45789 (50 CPUC 686), D-43010, D-43082, and D-43766 not printed.

of San Joaquin County.

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

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such 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 issuance of such certificate of public convenience and necessity or right.

ORDER

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 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 by the County of San Joaquin by Ordinance No. 497 to the extent necessary to construct and maintain the natural gas project hereinbefore described.
2. That applicant shall file its General Natural Gas Service Schedule No. G-6.1 in accordance with the requirements of General Order No. 96 to include the community of Linden and unincorporated territory to be served from the gas main as more fully described in the opinion. Such schedule is 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 the applicant 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. 8 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 expire 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 South Pasadena, California, this 22nd day of September, 1953.

P. E. Mitchell  
Harold P. Hula President  
Justus E. Cracor  
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 Commissioners

Peter E. Mitchell  
 Justus E. Cracor  
 Commissioner S. \_\_\_\_\_, being necessarily absent, did not participate in the disposition of this proceeding.