

ORIGINALDecision No. 49895

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA GAS COMPANY, a)
 corporation, and SOUTHERN COUNTIES)
 GAS COMPANY OF CALIFORNIA, a corpo-)
 ration, for an order of the)
 Commission authorizing the former)
 to sell and the latter to buy)
 certain gas distribution facilities)
 within the City of Culver City,)
 California.)

Application No. 35085

OPINION AND ORDER

In the above application Southern California Gas Company and Southern Counties Gas Company of California request an order of this Commission under Section 851 of the Public Utilities Code authorizing the former to sell and the latter to buy certain gas distribution facilities located in territory recently annexed to the City of Culver City, California. A detail of the facilities to be transferred is set forth in an agreement dated January 6, 1954 attached to and made a part of the application as Exhibit "A."

Southern California Gas Company, hereinafter referred to as Southern, is engaged in the purchase, distribution and sale of gas in the central and southern portions of the State of California, including territory contiguous to Culver City and territory recently annexed to that city. Southern Counties Gas Company of California, hereinafter referred to as Counties, is engaged in the purchase, distribution and sale of gas in the southern portion of the State of California, including a major part of the territory within Culver City.

Southern is presently serving 184 customers in an area, as shown in Exhibit "B" attached to the application, approximately

one-seventh of a square mile in extent, which was recently annexed to Culver City. This small area is isolated from the balance of Southern's system, and the entire supply of gas which Southern distributes in this area is obtained from the adjacent distribution system of Counties. It is proposed that this transfer be made in order to effect operating economies which will accrue if this small system is operated as an integral part of Counties' system.

All customers now in the area are served under Southern's General Service Rate Schedule No. G-1. Based on the average usage of Southern's customers in the Culver City area, the average annual bill of the customers involved herein in 1953 was approximately \$68.66, resulting in an annual revenue of approximately \$12,633. The same amount of usage, if billed at Counties' presently effective General Service Rate Schedule No. G-1, which will apply if this application is granted, would result in an average annual bill of \$63.05, or a total annual revenue of \$11,601. Thus, customers involved in this transfer will receive an approximate eight per cent reduction in their average annual gas bills.

The facilities involved herein are proposed to be transferred at their original cost, less accrued depreciation, as of October 27, 1953, which is stated to consist of:

| <u>Account</u> | <u>Item</u> | <u>Original Cost</u> | <u>Accrued Depreciation</u> | <u>Depreciated Original Cost</u> |
|----------------|---|--------------------------|---------------------------------|--------------------------------------|
| 357.2 | Land rights | \$ 3.53 | \$ | \$ 3.53 |
| 359 | 7,586' of steel main (3,617' of 2", 1,962' of 3", 698' of 4" and 1,309' of 6") and appurtenant facilities | 18,162.26 | 545.60 | 17,616.66 |
| 361 | 7,403' of service pipe (7,006' of 3/4" copper and 397' of 3/4" steel) | 11,547.09 | 777.58 | 10,769.51 |
| 362 | Meters | 3,199.36 | 873.67 | 2,325.69 |
| 363 | Meter installations | 1,973.68 | 129.70 | 1,843.98 |
| 364 | Gas regulators (140) | <u>702.55</u> | <u>53.52</u> | <u>649.03</u> |
| | Total all facilities | \$35,588.47 | \$2,380.07 | \$33,208.40 |

The base purchase price to be paid upon the consummation of this transaction is therefore stated to be \$33,208.40, plus the cost of additional facilities, if any, installed before the date of transfer.

The Commission has been advised by letter signed by the attorneys for both buyer and seller that the district meter and regulator included in the above figures will not be needed by Counties in rendering service to this area. The removal of these items from the list of facilities to be sold will reduce the base purchase price to \$32,301.91.

Southern is presently operating the facilities involved herein under a franchise granted by Ordinance No. 463 of the County of Los Angeles, adopted March 26, 1917. This county franchise will expire in 1957, and Southern does not have a franchise for the distribution of gas within Culver City. Counties is presently serving a major part of Culver City under Franchise Ordinance No. 155 of that city, granted on June 15, 1925, and a certificate of public convenience and necessity granted by this Commission in its Decision No. 15601, dated November 7, 1925. The facilities to be transferred to Counties will be covered by this existing franchise and certificate.

The application and the letter agreement attached thereto are silent on the matter of deposits which may have been made by customers for the purpose of establishing credit or covering main extensions. However, the order herein shall make appropriate provision for the transfer of such obligations, if any, to Counties.

The Commission, having considered the request of applicants, finds that the transfer of properties authorized herein will not be adverse to the public interest and that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

IT IS HEREBY ORDERED that applicant, Southern California Gas Company, may, on or after the effective date hereof and on or before December 31, 1954, sell, and Southern Counties Gas Company of California may acquire, in accordance with the terms of an agreement dated January 6, 1954, attached to the application as Exhibit "A," those facilities described therein as modified by the letter to the Commission dated March 18, 1954, subject to the following conditions:

1. Southern Counties Gas Company of California shall within thirty days thereafter notify this Commission in writing of the completion of the property transfer authorized herein and its compliance with the terms hereof.
2. On or before the date of transfer Southern California Gas Company shall refund all deposits to which customers are then entitled and shall transfer any unrefunded deposits to Southern Counties Gas Company of California, such deposits to become the obligation for refund of Southern Counties Gas Company of California.
3. On or before the date of transfer herein authorized, Southern California Gas Company, so far as possible, shall transfer and deliver to Southern Counties Gas Company of California and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction of the properties involved herein.

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

Dated at San Francisco, California, this 6th day of April, 1954.

A. Z. Indrany
President
Justus J. Cialone
John E. McNeill
James Duggan

Commissioners