

Decision No. 51690**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PACIFIC LIGHTING GAS SUPPLY)
COMPANY, a corporation, under)
Sections 1002 and 1005 of the Public)
Utilities Code for a certificate that)
public convenience and necessity)
require the exercise of the rights)
and privileges granted by Ordinance)
No. 776 of the County of Santa)
Barbara.)

Application No. 36812

James Randolph Elliott, for applicant.
California Farm Bureau Federation, by
J. J. Deuel, Director, interested
party.
R. O. Randall, for Commission staff.

O P I N I O N

Pacific Lighting Gas Supply Company, a corporation, by the above-entitled application filed March 18, 1955, asks for a certificate of public convenience and necessity to exercise the rights and privileges of a franchise granted by the County of Santa Barbara, permitting the installation, maintenance and use of a gas transmission system in the public streets of said county. A public hearing was held before Examiner Carl E. Crenshaw on June 9, 1955, at Los Angeles.

The franchise referred to, a copy of which is attached to the application and designated as Exhibit "A", was granted by the county in accordance with the Broughton Act and is for a term of 50 years. A fee is payable annually to the county, starting after the fifth year, equivalent to 2% of the gross annual receipts arising from the use, operation, or possession of the franchise.

The costs incurred by applicant in obtaining the franchise are stated to have been \$434.35, which amount does not include the costs incident to this application.

No objection to the granting of the requested certificate has been entered. Furthermore, this utility, since January 1, 1953, and its predecessors for many years, have provided gas at wholesale to the Southern Counties Gas Company and Southern California Gas Company, its only customers.

The immediate reason for obtaining a franchise from the Board of Supervisors of the County of Santa Barbara was the necessity to install on county property approximately 1/10 mile of a new 8-inch pipe line in the Goleta gas storage field. This 8-inch pipe line, a part of the field gathering system of the Goleta gas storage field, was laid to replace a portion of an old 7-inch line performing the same function. This line was located in land outside the fee property of the Goleta gas storage field on what is known as the "sand spit", which has, since the laying of the original line, become county property. Since the replacement line was to be in a slightly different location, a franchise was necessary before it could be installed. Applicant's witness was unable to state definitely the amount of gas handled by this line; however, it was pointed out that this is an integral part of the Goleta gas storage system which is used to provide up to 400 million cubic feet per day of gas to the Los Angeles basin area in peak periods.

There will be no payment to the county during the first five years of operation under this franchise, and since applicant was unable to estimate its gross revenue five years hence, no estimate was available of the annual payment to be paid at that time. However, based on the length of line involved, and the ratio of revenue to length of line used in computing other 1954 franchise payments under the Dinuba formula, the annual payment for this 1/10 mile of line had it been chargeable in 1954 would have been approximately \$37.50. ✓

Since applicant is a transmission utility, and requests this certificate for that purpose only, it will not compete with any other utility supplying gas service in this area. The Southern Counties Gas Company of California serves natural gas to customers in this area through an extensive distribution system for which it has the appropriate franchises and certificates from this Commission. Since Southern Counties Gas Company and Southern California Gas Company, affiliates of applicant, are the only customers to purchase gas from applicant, it was stated in the record that there would be no competition in the installation of transmission lines as applicant and its two affiliates would not concurrently be purchasing gas from the same producer at the same location. Applicant pointed out in the record that the Commission in Application No. 33905 rendered Decisions Nos. 48088 dated December 22, 1952, 48334 dated March 10, 1953, 48906 dated August 4, 1953, and 48152 dated January 13, 1953, issuing blanket certificates to exercise certain franchises for the operation of a transmission system which applicant owned in the various counties in which its facilities were located. In view of the above decisions applicant requests that the certificate in this instance for the County of Santa Barbara be applicable to the entire county, in the interest of economical operations, to preclude the necessity of obtaining separate certificates to cover additional areas as required, when it becomes necessary to install additional facilities as new gas fields are discovered. Furthermore, applicant also stated that when new facilities were installed, it would comply with the Public Utilities Code, particularly with Section 1001.

It is evident from the record that the operation and maintenance of transmission facilities by applicant in Santa Barbara County is in the public interest and that the certificate applied for should be granted.

The certificate of public convenience and necessity herein granted is subject to the following provision 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 for any amount of money 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.

O R D E R

The above-entitled application having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require the exercise by applicant of the right, privilege and franchise granted to applicant by Ordinance No. 776 of the County of Santa Barbara, subject to appropriate restrictions.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and is granted to Pacific Lighting Gas Supply Company, a corporation, to exercise the rights and privileges granted by the County of Santa Barbara by Ordinance No. 776, adopted February 14, 1955.

IT IS HEREBY FURTHER ORDERED:

(1) That Pacific Lighting Gas Supply Company shall not exercise said franchise for the purpose of distribution or retail sale of gas.

(2) 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 utilized by it. ✓

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

Dated at Los Angeles, California, this 18th day of July, 1955.

Justus J. Casper
President
Paul J. ...
...
B. ...

Commissioners

Commissioner Rotor E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.