

ORIGINALDecision No. 5252S

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN COUNTIES GAS COMPANY of)
 California under Section 1002 of the)
 Public Utilities Code for a certificate) Application No. 37478
 that public convenience and necessity)
 require the exercise of the rights and)
 privileges granted by Ordinance No. 6766)
 of the County of Los Angeles.)

Frederick Dutton for applicant.William W. Evers for the Commission's staff.O P I N I O NApplicant's Request

Southern Counties Gas Company of California by the above-entitled application filed November 14, 1955, requests a certificate of public convenience and necessity to exercise the rights and privileges of a franchise granted by the County of Los Angeles, permitting the installation, maintenance, and use of a gas distribution system in the highways, ways and alleys in the unincorporated territory of said county.

Public Hearing

After due notice public hearing on this application was held before Commissioner Ray E. Untereiner and Examiner M. W. Edwards in Los Angeles on December 30, 1955. At the hearing applicant presented two exhibits and testimony by one witness in support of its application. The Commission staff, through a gas engineer, participated in the proceeding through cross-examination of applicant's witness. No one offered any objection of the granting of the application.

New Franchise

The new franchise granted by Ordinance No. 6766 of the County of Los Angeles, a copy of which is attached to the application and designated Exhibit A, was granted by the county in accordance with the Broughton Act. Its term is for fifty years after the effective date, October 21, 1955. A fee is payable annually to the county equivalent to 2% of the gross annual receipts arising from the use, operation or possession of the franchise. For the twelve months ended September 30, 1955, applicant calculated that this fee would have been \$126,921.07.

The costs incurred by applicant in obtaining the franchise are stated to have been \$5,973.26 segregated as follows:

<u>Description</u>	<u>Amount</u>
Payment for Franchise Bid	\$5,000.00
Publishing Notice of Franchise Sale	960.61
Cost of Publishing Franchise	12.65
Total	\$5,973.26

The above total amount was paid to Los Angeles County.

Former Franchises

Applicant represents that the former franchises under which it was operating prior to October 21, 1955 are:

County Ordinance Number	Effective Date	Term in Years	Certificates Granted by Commission		
			Decision No.	Applica- tion No.	Date
500 N.S.	3/25/18	40	6101	3699	2/13/19
574 N.S.	10/26/19	40	11184	8101	10/31/22
1300 N.S.	6/8/25	40	15122	11046	7/22/25
1797 N.S.	3/19/30	40	22711	16605	7/25/30
1963 N.S.*	8/26/31	40	40280	28361	5/20/47
2011 N.S.*	12/16/31	40	40280	28361	5/20/47

*Owned 75% by Southern California Gas Company and 25% by applicant.
Acquired from Pacific Lighting Corporation.

Applicant states that all of these franchises were made inoperative on October 21, 1955 by Ordinance No. 6766, except for territory within the purview of any of those franchises as formerly under

County jurisdiction but subsequently included within municipal areas. In such latter territory it states that the franchises will remain in effect until their original respective expiration dates. Applicant's reason for obtaining the new franchise was because of the early expiration date of Ordinances Nos. 500 N.S. and 574 N.S. and it stated that the county desired that any new franchise granted to applicant consolidate and replace all prior franchises obtained from the county.

Service Conditions

While the new franchise is a county-wide franchise, applicant proposes to exercise the rights in only limited portions of the county as shown in Exhibit B attached to the application. Within such portions of the county applicant represents that as of September 30, 1955 it was serving 94,142 independent active meters by means of 1,177.16 miles of main in the unincorporated areas. For the 12 months ended September 30, 1955, it states its gas sales were 10,087,546 Mcf from which it derived a revenue of \$6,673,257.64.

Applicant states that it has rendered natural gas service in parts of the area now comprising the county and adjoining areas for many years, and that there are no other gas companies in that service area with which it is likely to compete. Applicant also states that the customers in these areas use gas for space heating, cooking, water heating and refrigeration and that the continuation of gas service by it in Los Angeles County is consequently in the public interest.

The Commission finds that public convenience and necessity require the exercise by applicant of the right, privilege and franchise granted to applicant by Ordinance No. 6766 of the County of Los Angeles subject to appropriate restrictions concerning the territory not now served; and that an order should be issued, in general, granting applicant's request.

The certificate of public convenience and necessity herein granted is 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.

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; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Southern Counties Gas Company of California to exercise the rights and privileges granted by the County of Los Angeles by Ordinance No. 6766, adopted September 20, 1955.

IT IS HEREBY FURTHER ORDERED that:

1. Applicant shall not exercise said franchise for the purpose of supplying gas in those parts or portions of Los Angeles 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

- 2. 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.

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

Dated at Los Angeles, California, this 31st day of January, 1956.

(John E. McNeill)

President

Justin J. Casper

Ray G. Guterman

Michael Dooly

(R. Hardy)

Commissioners