

Decision No. 52855

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SOUTHERN CALIFORNIA GAS COMPANY, a
 corporation, under Sections 1002 and
 1005 of the Public Utilities Code,
 for a certificate that public conven-
 ience and necessity require the exer-
 cise of the rights and privileges
 granted by Ordinance No. 6765 of the
 County of Los Angeles, California.

Application No. 37730

Harry P. Letton, Jr., attorney, for applicant.

O P I N I O N

Southern California Gas Company by the above-entitled application, filed February 9, 1956, seeks a certificate of public convenience and necessity to exercise the rights and privileges of the franchise granted by Ordinance No. 6765 of the County of Los Angeles permitting the installation, maintenance and use of a gas distribution and transmission system in the public streets of said county.

A public hearing on this matter was held before Examiner Stewart C. Warner on March 9, 1956, at Los Angeles. There were no protests to the granting of the application.

The franchise referred to, a copy of which is attached to the application 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 equivalent to 2 percent of

the gross receipts arising from the use, operation or possession of the franchise.

Ordinance No. 6765 supersedes County Ordinances Nos. 463, effective April 25, 1917; 467 effective May 2, 1917; 505, effective April 19, 1918; 514, effective June 12, 1918; 515, effective June 12, 1918; 630, effective September 8, 1920; 1382, effective April 21, 1926; 1847, effective September 10, 1930; 1963, effective August 26, 1931; 2011, effective December 16, 1931; and 2212, effective March 16, 1933, all granting franchises to applicant or its predecessors or predecessors in interest for terms of 40 years. The franchise granted by Ordinance No. 240 is not superseded but is not being used by applicant.

The franchise granted by Ordinance No. 6765 was adopted on September 20, 1955, and became effective October 21, 1955. Applicant delivered a bond of \$1,000 to the county on or about August 16, 1955, and said bond was approved by the Board of Supervisors on August 30, 1955. The consideration paid to the county for obtaining the franchise was \$15,000.

Prior to the time the instant franchise was obtained, applicant had been engaged in litigation with the County of Los Angeles involving the method of computing payments under the various franchises granted by the county. Said litigation was resolved by the payment by applicant to the county of the sum of \$175,000, which was a negotiated settlement covering all claims for the period 1937 to 1954. This settlement was arrived at by comparing the actual payments made to the county for the periods in question and the payments which it was estimated would have

been made under the method of computation contained in Ordinance No. 6765. The amount paid to the county was about one-half the difference between the actual payments and the estimated payments.

Exhibit No. 1 shows that as of December 31, 1955, applicant had installed 2,165.31 miles of distribution main and was furnishing gas service to 235,680 customers in the unincorporated area of Los Angeles County.

As calculated under the former ordinances, the approximate payment for the year 1955, based on the percentage of revenues arising from properties using the public streets and highways, would have been \$209,127. As calculated under Ordinance No. 6765, said payment will be \$259,404, an increase of approximately \$50,277. The significant difference in methods of calculation is that under the former method, services were included in investment in distributing agencies both in dollars and mileage. Under the method of calculation prescribed by Ordinance No. 6765, services are excluded. This exclusion was required by the county and agreed to by applicant in the negotiated settlement of litigation heretofore referred to.

Gas has been served by applicant or its predecessors within unincorporated areas of Los Angeles County since 1890. The record shows that at the present time there are about 257,000 meters in the unincorporated areas, and about 3,000 miles of pipe lines in county highways. The estimated population of unincorporated areas of the county as of 1955 was 1,143,465. Los Angeles County covers an area of about 4,070 square miles.

Exhibit No. 2 is a stipulation showing that the cost of publishing Notice of Sale was \$958.43, the cost of publishing Ordinance No. 6765 was \$13.20, the cost of the franchise was \$15,000, for total actual costs involved in obtaining the franchise of \$15,971.63.

It is evident, and the Commission so finds, that public convenience and necessity require the exercise by applicant of the rights, privileges, and franchise granted by Ordinance No. 6765 of the County of Los Angeles, subject to appropriate restrictions of the territory not now served. 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 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

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is granted to Southern California Gas Company, a corporation, to exercise the rights, privileges, and franchise granted by the County of Los Angeles by Ordinance No. 6765 adopted September 20, 1955.

2. That Southern California Gas Company 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
3. 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 served by it.

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

Dated at San Francisco, California,
this 3rd day of April, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.