

ORIGINALDecision No. 53189

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN COUNTIES GAS COMPANY)
OF CALIFORNIA for authorization)
pursuant to Section 851 of the)
Public Utilities Code of the State)
of California to sell certain)
facilities.)

Application No. 38022

OPINION AND ORDER

Southern Counties Gas Company of California, a corporation, by its application filed May 10, 1956, requests an order of this Commission, under Section 851 of the Public Utilities Code, authorizing it to sell certain gas distribution facilities to the City of Long Beach. The facilities are located in territory recently annexed to the City of Long Beach. The sale is to be made pursuant to an agreement executed April 26, 1956, attached to and made a part of the application as Exhibit 1. A description of the facilities proposed to be sold to the City is set forth in Exhibit "A" attached to the agreement.

Under the terms of the agreement, Counties is to sell and convey to the City of Long Beach approximately 91,281 feet of steel pipeline, together with valves, fittings and other appurtenances attached thereto, and including approximately 2,441 services of 3/4", 1", 1-1/4", and 2" sizes, 2,451 meter set assemblies and 2,442 regulators. Counties proposes to sell such facilities to the City for the sum of \$391,718.82. In addition thereto, the City will pay to

Counties the book cost of any additional facilities installed by Counties in the area during the period December 31, 1955 and the closing date of the sale.

The original cost of the facilities to be sold is stated to be \$435,628.44 and the depreciated cost of such facilities is stated to be \$400,301.79. Applicant alleges that the sale price was arrived at in arm's length bargaining in which the existence of a municipal gas department and the possibility of paralleling Counties' facilities were factors. Applicant states that the termination, in early 1958, of its franchise to operate in the area in question is also relevant in that regard. It is further stated that the elimination of the cost of picking up and re-marking the meters and regulators being sold will to a considerable extent offset the difference in sale price and depreciated cost.

City will assume all obligations of Counties in respect to all customers' deposits and refundable deposits for extensions connected with the operation of the aforesaid facilities.

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

The Commission having considered the request of applicant and being of the opinion that the sale and transfer here involved is not adverse to the public interest, that a public hearing is not necessary and that the application should be granted, therefore,

IT IS HEREBY ORDERED as follows:

1. Southern Counties Gas Company of California may, on and after the effective date hereof, and prior to December 31, 1956, sell and convey the herein-described public utility property to the City of Long Beach pursuant to the agreement of sale and purchase embodied in the application.

2. Southern Counties Gas Company of California shall notify this Commission in writing of the closing date of the sale and the completion of the property transfer herein authorized within thirty days thereafter.

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

Dated at San Francisco, California, this 4th day of June, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners