

ORIGINAL

Decision No. 54103

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 certifi-)
 cate that public convenience and)
 necessity require the exercise of)
 the rights and privileges granted by)
 Ordinance No. C-3582 of the City of)
 Long Beach, California.)

Application No. 38427

Milford Springer and L. T. Rice, by L. T. Rice,
for applicant.

Bert Buzzini and J. J. Duvel, by Bert Buzzini,
for California Farm Bureau Federation,
interested party.

O P I N I O N

Southern Counties Gas Company of California, a corpo-
 ration, by the above-entitled application filed on September 19,
 1956, requests a certificate of public convenience and necessity
 to exercise the rights and privileges of Franchise Ordinance
 No. C-3582 granted by the City of Long Beach, Los Angeles County,
 California. This franchise authorizes applicant, on certain
 designated streets, to lay, construct, operate, maintain, repair,
 replace, remove or abandon in place, pipe, pipe lines, vaults,
 traps, manholes, appliances, attachments and/or appurtenances used
 or useful in transmitting, transporting, or distributing gas to
 those industrial customers and commercial customers presently being
 served by applicant and other similar industrial and commercial
 customers in the City of Long Beach.

A public hearing on the application was held before Examiner Kent C. Rogers on October 22, 1956, in Los Angeles. There was no objection to the granting of the requested authority.

The applicant's rate analyst testified concerning the following facts:

The franchise referred to, a copy of which is attached to the application as Exhibit A, was granted by the City of Long Beach pursuant to its Freehold Charter, and supersedes Los Angeles County Franchise No. 500 N.S., City of Long Beach Franchise Ordinance No. C-276, and City of Long Beach Franchise Ordinance No. C-1011. The franchise became effective on October 15, 1956, and is for a period of 35 years. A fee will be payable to the City of Long Beach based upon the revenues from gas sales and the size and length of the pipe within the city. The fee will be equivalent to two percent of the gross annual revenue derived from the sale of gas within the City of Long Beach, plus a fee of one-half cent per inch of internal diameter per lineal foot per year, for each pipe line in public streets, with a minimum of 2.37 cents per lineal foot. This latter portion of the franchise fee calculation, based upon footage and diameter, is subject to adjustment at three-year intervals in the future based upon the deviation of the U. S. Bureau of Labor Statistics Index Numbers of Wholesale Prices from a base figure (See Section 5 of Exhibit A on the application).

Applicant has filed written acceptance of the franchise as required by Section 23 thereof, a faithful performance bond as required by Section 20 thereof, and a public liability insurance policy and an indemnity bond as required by Section 12 thereof.

The costs incurred by the applicant in obtaining the franchise total \$456.57, exclusive of the costs incident to this application.

The exercise by applicant of the rights granted by the new franchise is necessary to enable applicant to traverse the City of Long Beach with major transmission lines required for it and its affiliate, the Southern California Gas Company of California (see Decision No. 53121, dated May 22, 1956, in Application No. 37014 wherein this Commission granted applicant a certificate of public convenience and necessity for the principal line covered by the franchise) to serve present and prospective customers in Los Angeles County. Applicant and its affiliate have rendered natural gas service in parts of Los Angeles County for years, and there are no other gas companies in the area with which applicant and its affiliate are likely to compete. For many years the gas customers have depended on applicant and its affiliate for natural gas service. Such customers have made large investments in gas-burning equipment so the continuation of gas service is in the public interest.

The applicant estimates that the cost of the franchise will be approximately \$28,677 per year. There is no way in which the cost of the new franchise can be compared to the cost of the superseded franchises for the reason that applicant formerly had approximately .3 miles of transmission mains in the city whereas it will have a total of 3.5 miles therein under the new franchise.

Upon the record herein the Commission finds that public convenience and necessity require the exercise by the applicant

of the rights, privileges and franchise granted to the applicant by Franchise Ordinance No. C-3582 of the City of Long Beach, Los Angeles County, California. The certificate of public convenience and necessity herein granted is subject to the following provision of law:

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 thereon, the matter having been submitted, and the Commission having made the foregoing findings and based upon such findings,

IT IS HEREBY ORDERED that the Southern Counties Gas Company of California, a corporation, be and it hereby is granted a certificate that public convenience and necessity require the exercise by it of the rights, privileges and franchise granted to it by Franchise Ordinance No. C-3582 of the City of Long Beach,

State of California, which ordinance was adopted on the 15th day of August, 1956, by the City Council of said city.

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

Dated at San Francisco, California,
this 19th day of NOVEMBER, 1956.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners