

Decision No. 55674**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,) Application No. 39305
 for a certificate that public con-)
 venience and necessity require the)
 exercise of the rights and privileges)
 granted by Ordinance No. 68 of the)
 City of Paramount, California.)

Harry P. Letton, Jr., and Henry E. Lippitt 2nd,
 by Harry P. Letton, Jr., for applicant.

O P I N I O N

Southern California Gas Company, a corporation, by the above-entitled application filed on August 2, 1957, requests a certificate of public convenience and necessity to exercise the rights and privileges of a franchise granted by the City of Paramount, County of Los Angeles, California, to lay and use pipes and appurtenances for transporting and distributing gas for any and all purposes under, along, across or upon the public streets, ways, alleys and places, as the same may now or hereafter exist, within said city.

A public hearing on the application was held before Examiner Kent C. Rogers on September 16, 1957, in Los Angeles. Prior to the hearing notice thereof was published as required by this Commission. There were no protests.

The franchise referred to, a copy of which is attached to the application and designated Exhibit "A", was granted by the City of Paramount in accordance with the Franchise Act of 1937 (Division 3, Chapter 2, California Public Utilities Code), was adopted on March 26, 1957, and became effective on April 25, 1957, and is of indeterminate duration. A fee will be payable annually equivalent to 2 percent of the gross annual receipts of the applicant arising from the use, operation or possession of the franchise, but not less than 1 percent of the gross annual receipts arising from the sale of gas within the limits of the city pursuant to the franchise.

Applicant has filed the written acceptance of the franchise as required by Section 12 of the Ordinance. No bond is required.

Exhibit No. 2 herein shows that the costs incurred in obtaining the franchise are 45.50 exclusive of the costs incident to this application which amount to \$57.08, and include \$50.00 for filing the application with the Commission and \$7.08 for publication of notice of hearing thereon.

Prior to the incorporation of the City of Paramount on January 30, 1957, applicant's witness said the applicant had been serving the area, which was Los Angeles County territory, pursuant to a Los Angeles county franchise and public convenience and necessity require the continuation of the presently rendered service. In addition, he said, the company serves approximately 6,600 consumers in the city, the majority of whom are residential consumers, and if the services were discontinued these customers

would have to replace their household gas appliances with appliances using other types of fuel. Denial of the right to serve Paramount would seriously impair the value of the company's facilities located therein, thus resulting in a loss to other customers in the system since the Paramount area is part of an integrated system, and exercise of the rights granted under the new ordinance is necessary to enable the company to meet demands upon it for gas service to existing and prospective customers.

In September, 1957, applicant served approximately 6,600 customers in the City of Paramount and had a gross revenue, from all services in the territory now comprising the city, of over \$777,000 for the year 1956. It will pay annually to the city approximately \$7,752.00 under the terms of the franchise based on its 1956 revenues. Under the terms of the Los Angeles county franchise it paid \$6,717.32 to the County for the calendar year 1956.

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 the City of Paramount Ordinance No. 68. The certificate of public convenience and necessity herein granted is subject to the following provisions of law:

- (1) 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.

(2) That the franchise involved herein shall never be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the grantee of the necessary publication and any other sum paid by it to the municipality therefor at the time of the acquisition thereof.

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 finding and based upon said finding,

IT IS HEREBY ORDERED that Southern California Gas Company, a corporation, be and it is hereby granted a certificate that public convenience and necessity require the exercise by it of the rights, privileges and franchise granted to it by Ordinance No. 68 of the City of Paramount, State of California, which ordinance was adopted on the 26th day of March, 1957, 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 15th day of October, 1957.

[Signature]
President.

[Signature]

[Signature]

[Signature]

[Signature]
Commissioners