

ORIGINAL

Decision No. 55750

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)
convenience and necessity require)
the exercise of the rights and)
privileges granted by Ordinance No.)
C-3701 of the City of Long Beach,)
California.)

Application No. 39312

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 7, 1957, requests a certificate of public convenience and necessity to exercise the rights and privileges of franchise Ordinance No. C-3701 granted by the City of Long Beach, Los Angeles County, California. The franchise authorizes applicant, upon terms and conditions set forth in the ordinance, to lay, construct, operate, maintain, repair, replace and/or remove in, upon, along, across, over and under certain streets of the City of Long Beach as set out in the ordinance, pipe lines and other facilities for the purpose of carrying, transporting, conveying, conducting and distributing gas in areas defined in the ordinance, and to continue to maintain and operate such of said pipe lines and facilities as were, on

January 29, 1957, owned, maintained or operated by Southern California Gas Company within said city for the purpose of carrying, transporting, conveying, conducting and distributing gas.

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 applicant's witness 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 charter and supersedes Los Angeles County Ordinances Nos. 463-NS, 514-NS, 515-NS and 6765 to the extent that these franchises cover areas within the City of Long Beach. Franchise Ordinance No. C-3701 was adopted on January 29, 1957, became effective on March 31, 1957, and is for a period of 35 years from the effective date. A fee will be payable to the City of Long Beach based upon the revenues from gas sales plus the size and length of certain of the pipes within the city. Charges based upon the size and length of the pipe, in addition to the percentage of revenue, apply to the entire City with the exception of a small portion thereof described in Section 2-A of the ordinance. The fee for the entire City will be equivalent to 2 percent of the gross annual revenues derived from the sale of gas within the City of Long Beach. In all portions of the City, except that described in Section 2-A of the ordinance, in addition

to the said 2 percent fee applicant will pay a fee equivalent to one-half cent per inch internal diameter per lineal foot per year for each pipe line maintained in public streets in the City, with a minimum of 2.37 cents per lineal foot of pipe. The portion of the franchise fee based upon footage and diameter of pipe is subject to adjustment at three-year intervals in the future based upon the deviation of the U. S. Bureau of Labor Statutes Index Numbers of Wholesale Prices from a base figure (See Section 4 of Exhibit "A" on the application.)

Applicant has filed written acceptance of the franchise as required by Section 22 thereof, a faithful performance bond as required by Section 19 thereof, and a public liability insurance policy and an indemnity bond as required by Section 11 thereof.

The costs incurred by the applicant in obtaining the franchise total \$584.15 exclusive of the costs incident to this application which amount to \$60.25 and include \$50.00 for filing the application with the Commission and \$10.25 for publication of the notice of hearing thereon.

Southern California Gas Company is now supplying gas to approximately 5,860 customers in the City of Long Beach, the majority of whom are residential customers. The gas service which the applicant supplies to them is essential because it provides gas for fuel requirements of the home, which are principally for cooking, water heating, space heating and refrigeration. In addition, the company sells gas to the City of Long Beach at wholesale rates to enable the City to meet its customer demands. These wholesale sales amount to approximately 79 percent of the

total volume of sales of Southern California Gas Company in the City of Long Beach.

If gas service by applicant were discontinued in the City of Long Beach the Company would be unable to furnish wholesale gas to the City, thus seriously affecting its service of supply needed to meet demands for gas service to existing and prospective customers. In addition, the domestic customers in the City now served by the applicant would be forced to seek service from some other source. If the company were denied the right to serve gas to the City it would materially depreciate the value of the company's transmission and distribution facilities as they are a part of an integrated gas system. The continuation of gas service by applicant in the City of Long Beach is in the public interest and the exercise by applicant of the rights granted to it by Ordinance No. C-3701 of the City of Long Beach is necessary to enable it to meet demands upon applicant for gas service to existing and prospective customers.

The applicant estimates that its cost under the terms of the franchise will be approximately \$42,835 annually.

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-3701 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, the Commission having made the foregoing finding and based upon said finding,

IT IS ORDERED that Southern California Gas Company, 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-3701 of the City of Long Beach, State of California, which ordinance was adopted on the 29th day of January, 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 28th day of OCTOBER, 1957.

Robert D. ...
President
R. Hardy
C. Lynn Fox
Commissioners

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Peter E. Mitchell
Commissioners Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.