

ORIGINAL

Decision No. 57133

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. 6765 of the County of Los Angeles, California.

Application No. 37730
 First Supplemental

T. J. Reynolds and Harry P. Letton, Jr., attorneys, for applicant.
 Palmdale Chamber of Commerce, by George R. Jenner, chairman of the Utilities Committee, interested party.
Louis W. Mendonsa for the Commission staff.

O R D E R

Southern California Gas Company, a corporation, by the above-entitled application, filed March 10, 1958, under Sections 1002 and 1005 of the Public Utilities Code, seeks a certificate of public convenience and necessity to exercise the rights and privileges granted by Ordinance No. 6765 adopted September 20, 1955, effective October 21, 1955, of Los Angeles County. The area requested to be certificated is shown in red on the map, Exhibit II, attached to the application, and Exhibit No. 1 filed at the hearing.

A public hearing on this matter was held before Commissioner Ray E. Untereiner and Examiner Stewart C. Warner on May 22, 1958, at Palmdale. There were no protests to the granting of the application and the matter was submitted for decision on that date.

By Decision No. 52855, dated April 3, 1956, in the instant-captioned matter, applicant was granted a certificate to exercise the franchise rights and privileges granted by Ordinance No. 6765 with the restriction that applicant should not exercise such franchise for the purpose of supplying gas in those parts or portions of Los Angeles County not then served by it except through extension of its existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code, and that the Commission might thereafter, by appropriate proceeding and order, limit the authority, granted by said decision, to applicant as to new territory in said County not then being served by it.

By Decision No. 53121, dated May 22, 1956, in Application No. 37014, Amended, applicant was granted a certificate to construct and maintain its so-called Needles transmission pipeline between Topock and Newhall, between Newhall and Alhambra, and between Victoria Station and Placentia, with the restriction that applicant should not exercise any franchise that might be involved in the construction and operation of said pipe line for the purpose of serving gas to any area not then served with natural gas by it without first obtaining proper certificate and authorization from the Commission.

By the instant application, applicant seeks the lifting of the restrictions imposed by Decision No. 52855, supra, to continue to serve the community of Little Rock, where 60 customers are being served and where extensions to supply 300 additional customers are proposed (Item No. 17 on Exhibit No. 1); to continue to serve the

community of Forest Park where about 262 customers are being served (Item No. 16 on Exhibit No. 1); and to continue to serve the community in Placerita Canyon where 76 customers are being served (Item No. 19 on Exhibit No. 1); to extend natural gas service to Agua Dulce where an estimated 50 customers may be served natural gas (Item No. 12 on Exhibit No. 1) and where applicant is making a survey to determine the economic and engineering factors of such extension; and to extend in the normal course of business to some 15 additional areas or communities shown as Items Nos. 1 through 19, except as noted hereinbefore, on Exhibit No. 1.

The record shows that the area herein requested to be certificated is located in Townships 4 through 8 North, and Ranges 8 through 15 West, SBB&M.; that it includes the communities of Palmdale and Lancaster in an area (shown in yellow on Exhibit No. 1) heretofore covered by a certificate granted by the Commission, and includes the area generally known as Antelope Valley; that the number of customers in December, 1952, at the end of the first year's operation by applicant of its natural gas service through arrangements with the Pacific Gas and Electric Company, was 2300; that at the end of the sixth years' operations, natural gas was being served to 13,393 customers; that the population of the area in 1940 was estimated to be 8,155; in 1950, 16,363; in July 1957, 52,908; and in May 1958, 62,000.

On December 16, 1957, applicant started to supply natural gas to the Los Angeles County portion of Antelope Valley from its Needles pipe line.

The record shows that applicant proposes to establish Rate Area 7 to include the area sought to be certificated herein and to apply its Rate Schedule G-6 to the entire area with the exception of a small area in Placerita Canyon which is contiguous to Newhall in which Rate Schedule G-4 is proposed to be applied.

No other natural gas public utilities furnish natural gas service in or immediately contiguous to the area sought to be certificated herein. Pacific Gas and Electric Company's Topock-Milpitas transmission line traverses Kern County from east to west in territories substantially north of the area under consideration herein in the vicinity of the communities of Boron, Mojave and Tehachapi. Southwest Gas Corporation and Pacific Gas and Electric Company furnish natural gas service in San Bernardino County on the east, in Barstow, Victorville, Newberry, and to the Kaiser Permanente cement plant in Lucerne Valley. Southern Counties Gas Company supplies natural gas service in Los Angeles County on the south in Pomona and Ontario in territory separated from Antelope Valley by the San Gabriel Mountains. No other public utility natural gas company is certificated in the area contiguous or adjacent to the west of the area covered by the instant application.

Applicant's witness testified that adequate gas supplies were available for the proposed area from its Needles pipe line but that no engineering or economic survey had been made of the ultimate natural gas requirements of the area.

Considerable testimony, and opinion by applicant's counsel, are of record regarding the conditions under which applicant might extend its natural gas service in the 15 areas listed on Exhibit No. 1 in which gas service is not presently being served, and the

record shows that applicant considered that it would be its prerogative, under Section 1001 of the Public Utilities Code, to extend or not to extend to remote areas in the franchised area depending on whether the economics of such extension warranted its classification as an extension in the normal course of business. By that interpretation, applicant could elect to serve, or refuse to serve, a remote customer or group of customers, depending on applicant's economic survey.

Findings and Conclusions ✓

After a careful review of the record, the Commission finds as a fact that public convenience and necessity require that a certificate of public convenience and necessity be granted to Southern California Gas Company, a corporation, to exercise the rights and privileges granted by Ordinance No. 6765 of Los Angeles County in the area shaded in red on Exhibit II, attached to the application, and on Exhibit No. 1, and the order hereinafter will so provide.

The record shows that applicant has not applied for a certificate of public convenience and necessity to construct and extend its natural gas system in the area shaded in red to the communities of Little Rock, Forest Park, and Placerita Canyon, and an application seeking such a certificate should have been filed, and should be filed, by applicant to so construct, extend and operate its natural gas system. Further, applicant should apply for a certificate of public convenience and necessity to construct and extend its natural gas system to each, any, or all of the communities or areas listed on Exhibit No. 1 if and when extension of natural gas service thereto is requested or applied for by a natural gas

customer or group of customers. It is not necessary, however, to enter an order hereinafter to that effect since such requirements are statutory.

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

First Supplemental 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 ordering Paragraphs 1 and 2 of Decision No. 52855, dated April 3, 1956, in the instant captioned and numbered application, be, and they are, modified and that Southern California Gas Company, a corporation, be and it is granted a certificate of public convenience and necessity to exercise the rights, privileges and franchise granted by the County of Los Angeles by Ordinance No. 6765 adopted September 20, 1955, in the area shaded in red on the map, Exhibit II, attached to the application, and on the map, Exhibit No. 1, filed at the hearing.

2. That in all other respects Decision No. 52855 shall remain in full force and effect.

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

Dated at San Francisco, California,
this 12th day of August, 1958.

L. J. Fox
President
W. E. Mitchell
Paula J. Johnson
Matthew J. ...
Commissioners

Commissioner Theodore H. Jenner, being necessarily absent, did not participate in the disposition of this proceeding.