

ORIGINAL

Decision No. 58142

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA GAS COMPANY and
SOUTHERN COUNTIES GAS COMPANY OF
CALIFORNIA for a certificate of public
convenience and necessity under Section
1001 of the Public Utilities Code.

Application No. 37014

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
and
First and Second
Supplementals

L. T. Rice, attorney, for applicants.
Littlerock Chamber of Commerce by James H. Fulcher,
president, complainant.
H. B. Scroggs for Littlerock Chamber of Commerce and
as a property owner; Norman Bolton in propria persona;
and California Farm Bureau Federation by J.J. Deuel;
interested parties.
Hugh N. Orr and Robert O. Randall for the Commission staff.

O P I N I O N

A public further hearing in the reopened proceedings on the above-entitled Application No. 37014 of Southern California Gas Company and Southern Counties Gas Company of California, Application No. 37730, and Application No. 37730 First Supplemental of Southern California Gas Company, and an original hearing on Application No. 37730 Second Supplemental of Southern California Gas Company, was held before Examiner Stewart C. Warner on January 9, 1959 at Palmdale. Said reopened proceedings were pursuant to the Commission's order, dated December 16, 1958, whose purpose was to determine whether Decision No. 52855, dated April 3, 1956, in Application

No. 37730, Decision No. 53121, dated May 22, 1956, in Application No. 37014 Amended, and Decision No. 57133, dated August 12, 1958, in Application No. 37730 First Supplemental, or any of them, should be modified.

Said Order Reopening Proceedings stated that said decisions left some doubt as to the scope of the operating authority granted to Southern California Gas Company and as to the limits of its right to extend its system by virtue of Section 1001 of the Public Utilities Code, and suggested that said decisions should be clarified.

The record in First Supplemental Application No. 37730 shows that as of the date of the hearing thereon, to wit, May 22, 1958, the applicant was serving 60 customers in the community of Littlerock and proposed to supply 103 additional customers therein; was serving 262 customers in the community of Forest Park; was serving 76 customers in Placerita Canyon; proposed to extend natural gas service to Agua Dulce to an estimated 50 customers, and where applicant was making a survey to determine the economic and engineering factors of such extension; and proposed to extend in the normal course of business to some 15 additional areas or communities, all as shown as Items 1 through 19 on Exhibit No. 1 of said proceeding and as shown on Exhibit No. 2 of the instant proceeding.

Applicant alleged that inasmuch as Decision No. 53121, supra, had granted it and Southern Counties Gas Company of California a certificate of public convenience and necessity to extend, construct and operate their so-called Needles to Newhall pipe line, which traverses the area covered by the franchise granted by Ordinance No. 6765 of Los Angeles County from east to west, and that the certificate of public convenience and necessity granted by said Decision No. 53121, supra, was applied for and granted pursuant to the provisions of Section 1001 of the Public Utilities Code, the

applicant Southern California Gas Company needed no further authority from the Commission to extend to any or all of the 19 existing and proposed communities receiving and proposed to receive natural gas service shown on Exhibit No. 2, supra.

The map attached to Exhibit No. 2, supra, shows, in red crayon, the area covered by Franchise Ordinance No. 6765 for which the applicant Southern California Gas Company sought and secured authority from the Commission pursuant to Sections 1002 to 1005 of the Public Utilities Code. The yellow area on said map shows the area for which the applicant Southern California Gas Company sought and secured a certificate of public convenience and necessity under Section 50(a) of the Public Utilities Act of the State of California, and under Section 50(b) of said Act, to exercise the rights and privileges of Franchise Ordinance No. 1847 (New Series) of Los Angeles County pursuant to Decision No. 46450, dated November 20, 1951, in Application No. 32679. The certificate granted under Section 50(a) authorized applicant to construct, operate, and maintain a gas pipe line in Los Angeles and Kern Counties and a distribution system in the community of Rosamond.

Applicant Southern California Gas Company's vice president and chief counsel testified that it was his opinion that, so long as extensions from a natural gas distribution or transmission pipe line, certificated under Section 1001 of the Public Utilities Code, were made into territory not then being served natural gas by a public utility of like character and so long as such extensions were made in the normal course of business and according to the applicant's main extension rules, such extensions would be contiguous to such certificated pipe line wherever and to the extent that they were within the area covered by a franchise, or franchises, granted, in this instance by Los Angeles County, provided that the

applicant was duly authorized under Sections 1002 and 1005 to exercise the privileges granted by such franchise or franchises. He thus testified that, in his opinion, the community of Littlerock (Item 17 on Exhibit No. 2) which is approximately 2.5 miles from the Needles pipe line, as well as the communities of Fairmont (Item 9 on Exhibit No. 2) Hughes Lake (Item 15 on Exhibit No. 2), approximately 20 and 14 miles from the Needles pipe line, respectively, and all other communities shown on Exhibit No. 2, were contiguous to applicant's Needles to Newhall pipe line.

In the opinion in Decision No. 57133, supra, the Commission found as a fact that public convenience and necessity required that a certificate of public convenience and necessity be granted to Southern California Gas Company to exercise the rights and privileges granted by Ordinance No. 6765 in the area shaded in red on Exhibit II attached to Application No. 37730, First Supplemental, made the following statement, and arrived at the following conclusions:

"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."

Based on such statement and conclusions, the applicant has declined to furnish natural gas service to any additional customers in Littlerock, has declined to connect new meters to its present distribution system therein, and has made no extensions of its Needles to Newhall pipe line other than those which had been made

as of the date of Decision No. 57133, supra, the 12th of August, 1958.

On November 5, 1958, the applicant Southern California Gas Company filed its Second Supplemental Application No. 37730 seeking modification of Decision No. 57133, supra, by eliminating therefrom the paragraph heretofore quoted.

The record herein contains no set of proposed rates, no estimated cost of construction or plans therefor, no proposed methods of financing, in fact no statement or outline of the conditions under which natural gas service would be furnished by the applicant to each, any, or all of the 19 communities listed on Exhibit No. 2, other than applicant's testimony of record that such service would be furnished by applicant under its main extension rule and that applicant would propose to make Schedule G-6 applicable to these areas except a portion near Newhall to which Schedule G-4 would be applied.

Based on the record herein, it is found as a fact and concluded that the public interest requires that all of the elements of public convenience and necessity, including rates proposed to be charged, plans and types of construction, methods of financing, should be clearly placed before the Commission before a certificate under Section 1001 should be granted or denied; that under no circumstance, as shown on the list of communities, approximate number of customers, and approximate mileage of such communities from the Needles to Newhall pipe line attached to Exhibit No. 2 herein, is any one of such communities contiguous to the Needles to Newhall pipe line; that no good cause has been shown for the granting of the Second Supplemental application; and that such Second Supplemental application should be denied.

Having found as a fact and concluded that none of the

communities listed on Exhibit No. 2, supra, is contiguous to the Needles to Newhall pipe line, therefore Southern California Gas Company should immediately apply for a certificate of public convenience and necessity, under Section 1001, to extend and construct its natural gas distribution system to and in the communities of Littlerock, Forest Park, and Placerita Canyon, and to and in any other communities now being served natural gas from its Needles to Newhall pipe line within the boundaries of the territory covered by the franchise granted by Ordinance No. 6765 of Los Angeles County if such other communities are not contiguous to such pipe line. For Southern California Gas Company simply to hold before the Commission that it will extend and construct its distribution system within the franchised territory according to its main extension rule would defeat the purpose of Section 1001 which is to place the duty on the Commission of evaluating and adjudging all of the components of public convenience and necessity before granting or denying an application for a certificate.

It is noted, further, that the certificate granted to Southern California Gas Company and Southern Counties Gas Company of California by Decision No. 53121 in Application No. 37014 to construct their Needles to Newhall pipe line was, in effect, a dual certificate. The Commission must, therefore, determine which of the two grantees therein should be granted additional authority under Section 1001 to extend and construct natural gas pipe lines from their Needles to Newhall pipe line, and whether such additional authority should be granted if extensions therefrom and construction are not contiguous thereto.

To clarify Decision No. 57133, however, it is further concluded that the hereinbefore quoted paragraph from Decision

No. 57133 should be modified to the extent that the order herein-
after should and will provide that the applicant shall not be re-
quired to file an application for every new customer which may apply
for service within the franchise area as shown in red crayon on
Exhibit No. 2, but that applicant should, when it proposes to extend
its natural gas service to a group of customers requiring distribu-
tion facilities located in any area or territory not theretofore
certificated to it under Section 1001, apply for a certificate under
said Section. When such application has been made, the Commission
will grant or deny, in whole or in part, any such application for a
certificate based on the facts of record then placed before it.
Such application or applications should comply with Rule 18 of the
Commission's Rules of Procedure.

O R D E R

The above-entitled proceedings having been reopened for
further hearing, and a Second Supplemental Application having been
filed, a public hearing having been held, the matters having been
submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That the Second Supplemental Application of Southern
California Gas Company, a corporation, be and it is denied.
2. That Decision No. 57133 be and it is modified by the
addition to the opinion therein, of the following statement:

That applicant shall not be required to file an
application for every new customer which may apply
for service within the franchise area as shown in
red crayon on Exhibit No. 2, but that applicant
shall, when it proposes to extend its natural gas
service to a group of customers requiring distribu-
tion facilities located in any area or territory not
theretofore certificated to it under Section 1001
of the Public Utilities Code, apply for certificate

