

ORIGINAL

Decision No. 66138

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of SOUTHWEST GAS CORPORATION for a Certificate of Public Convenience and Necessity under Article 1, Chapter 5, of the Public Utilities Code of the State of California to construct, operate and maintain natural gas distribution lines and to exercise all permits, easements and franchises which may be used or useful in connection therewith in the vicinity of Barstow, California.

Application No. 45441
Filed May 17, 1963
Amendment Filed
July 24, 1963

C. H. McCrea, for applicant.
Harold L. Pearlstein, for the Commission staff.

O P I N I O N

By this application, as amended, Southwest Gas Corporation requests an order -

1. Granting and issuing to Applicant under Sections 1001 and 1002 of the Public Utilities Code a Certificate of Public Convenience and Necessity authorizing Applicant to exercise the rights and privileges under the franchise granted to Applicant by Ordinance No. 794 of the Board of Supervisors of the County of San Bernardino, and to provide public utility natural gas service under its tariff schedules on file with the Commission in all of Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County, California; and
2. Granting and conferring upon Applicant such other and/or additional permission and authority as shall appear to the Commission to be right and proper.

The matter was heard and submitted before Examiner Patterson in Los Angeles on August 1, 1963.

The record shows that by Decision No. 54842, dated April 16, 1957, in Application No. 38678, applicant was granted a certificate to serve the Hinkley area and the Camp Irwin area. The certificate for the Camp Irwin area included the northerly half of the township which is under consideration herein, but said certificate was contingent upon applicant negotiating a contract with Camp Irwin. Such negotiations were not successful and, accordingly, after two extensions of time, the certificate for the Camp Irwin area, including the northerly half of Township 9 North, Range 2 East, lapsed on December 31, 1958.

At the present time applicant is providing service in Section 6 of said township, having extended said service in the City of Yermo in the year 1958. Applicant is also presently serving the Hell's Acre's Ranch, located in Section 18 by an extension made in 1960 from a tap on the Pacific Gas & Electric Company's transmission line. Applicant now proposes to make two additional taps on Pacific's transmission line, one, a 4-inch tap to serve the Daggett Industrial Park in Section 20 and the other a 2-inch tap to serve Cirrana's Ranch in Section 26 and a contemplated 42-house subdivision.

Exhibits F and G show that the major load expected in the first year of operation is a commercial customer estimated to use 31,200 Mcf per year. It is estimated that the two ranches will use 9,200 Mcf in the first year, increasing to 12,400 Mcf in the second year of operation. Also in the second year domestic and new commercial customers are estimated to use 4,010 Mcf, increasing to 7,620 Mcf by the third year. A total of

83 customers are expected to be served by the third year.

Applicant proposes to extend its lines in accordance with its filed extension rule and to charge its existing rates for the service rendered.

Estimated revenues, expenses, and rate bases, along with estimated rates of return for each of the first three years of operation are shown in Exhibit F. The rates of return as shown therein range from 11.6 per cent to 11.9 per cent. Further details as to the estimated cost of facilities required to provide the service are set forth in Exhibit C.

The cost of facilities as of the third year of operation is estimated to total \$45,135. Said costs include the Hell's Acre's Ranch extension but do not include any of the facilities which were installed in Section 6 in 1958.

Applicant's witness testified that all of the proposed construction will comply with General Order No. 112, but he also testified that in accordance with applicant's current construction practice, some of the 2-inch pipe will be plastic.

Applicant obtains its gas supply through purchase from Pacific Gas & Electric Company's transmission line in San Bernardino County under an agreement dated July 8, 1957, authorized by Decision No. 55552, dated September 10, 1957, in Application No. 39277. It is clear, from representations made by applicant, that it is not seeking authorization inconsistent with the provisions of this gas purchase agreement.

Applicant intends to finance the proposed construction from internal funds or through temporary bank borrowings.

No protests were entered to the granting of the application.

Based upon the record, we find that:

1. The extension made by applicant in 1958 into Section 6 of Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County, was covered by the certificate granted by Decision No. 54842 and which certificate lapsed on December 31, 1958.

2. The extension made by applicant in 1960 to the Hell's Acre's Ranch in Section 18 of Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County, was not covered by a certificate.

3. There is a need for gas service in Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County, and public convenience and necessity require the construction of facilities as heretofore made and generally as proposed in this application.

4. Public convenience and necessity require the exercise by applicant of the rights and privileges granted under the franchise conferred by Ordinance No. 794 of San Bernardino County, for service to customers in Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County.

5. Facilities to be constructed under the certificate to be granted herein shall be required to comply with General Order No. 112.

The certificate hereinafter granted shall be 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 issuance of such franchise, certificate of public convenience and necessity or right.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Southwest Gas Corporation to construct, operate, and maintain gas main extensions generally as described in this application, and to exercise the rights and privileges granted under the franchise conferred by San Bernardino County Ordinance No. 794, for service to customers in all of Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County, California.
2. The limitations contained in Decision No. 54842 under Application No. 38678, as amended by Decision No. 55074 in Application No. 38885, are hereby further amended to exclude therefrom Township 9 North, Range 2 East, S. B. B. & M., San Bernardino County.
3. Facilities to be constructed under the certificate granted herein shall comply with General Order No. 112.
4. Applicant is authorized to apply its presently effective tariff schedules for natural gas service provided in the area certificated herein.

5. Within thirty days after the effective date of this order, applicant shall file with the Commission, in conformity with General Order No. 96-A, an appropriately revised tariff service area map to reflect the area certificate herein.

6. The authorization herein granted will expire if not exercised within one year of the effective date of this order.

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

Dated at San Francisco, California, this 15th day of OCTOBER, 1963.

William A. Beards
President

George H. Grover
Commissioners

Frederic B. Hallock
Commissioners