

ORIGINAL

Decision No. 66471

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY, a corporation, and SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA, a corporation, for an order of the Commission under Section 851 of the Public Utilities Code authorizing the sale and purchase of certain public utility property and to transfer certain customers in an area southeast of the City of Ontario, County of San Bernardino.

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) Application No. 45770
) (Filed September 12, 1963)
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OPINION AND ORDER

By this joint application Southern Counties Gas Company of California (hereinafter referred to as Counties) and Southern California Gas Company request an order of the Commission, under Section 851 of the Public Utilities Code, authorizing the sale and purchase of certain public utility property and the transfer of certain customers.

Applicants state that developments in recent years have caused them to review the common boundary between their service areas at a location southeast of the City of Ontario in San Bernardino County. It is represented that the boundary in its present location bisects an industrial tract now being developed, known as the Ontario Industrial Park, and does not follow an easily identifiable and logical natural boundary. Presently, proceeding from north to south, this boundary follows Cucamonga Creek down to the Union Pacific Railroad right of way near Mission Boulevard, then extends in an

irregular southerly and westerly direction to Cucamonga Avenue and then south along the line of Cucamonga Avenue to Riverside County. Under the proposed revision, the boundary would continue to follow Cucamonga Creek south of the Union Pacific Railroad right of way to Riverside County, and then would follow the county line southerly and westerly to the juncture with the present boundary, all as shown on the map attached as Exhibit C to the application.

It is alleged that both the City of Ontario and the Ontario Association of Commerce and Industry believe that it would assist in overall development of this area if the Ontario Industrial Park were to be served by one utility. In this regard, the Commission has received a communication from the City of Ontario stating that the City Council of the City of Ontario has gone on record by resolution favoring the proposed transfer of territory in the Ontario Industrial Park from the Southern California Gas Company to the Southern Counties Gas Company of California.

Applicants allege that the proposed boundary change would also simplify such matters as rate administration, supply reinforcement, gas accounting, and customer service, with resulting economies benefiting both utilities.

The sale and purchase of the public utility property necessary to effect the proposed boundary revision has been authorized by the Boards of Directors of both applicants. The agreement under which the sale would be consummated is contained in Exhibit D attached to the application. The public utility property as described therein consists generally of distribution mains ranging from 1/2 inch to 8 inches and services ranging from 1/2 inch to 4 inches,

approximately 219 meters, 235 meter-set assemblies and 215 regulators. Also involved is a parcel of real property 75 feet by 25 feet located on the southeast corner of Riverside Drive and Cucamonga Avenue. The proposed base selling price is \$132,156.76 which is stated to be the original cost of the facilities, less the applicable depreciation reserve as of July 31, 1963. Provision is made for the adjustment of that price for any additions or retirements made subsequent to July 31, 1963, but prior to the effective date of transfer.

Counties proposes to annex the transferred territory to its Rate Area No. 11 because of the similarity of general economic characteristics and geographical location.

It is stated that approximately 219 customers would be transferred to Counties under the proposed sale and that in almost every case these customers would receive reductions in their monthly bills. In this regard, it is represented that there would be an average estimated reduction of 9.4 per cent in the annual bills of general service customers and a somewhat lesser reduction in the bills of gas engine and regular interruptible customers. The combined gross revenue effect of the proposed transfer is estimated to be a reduction of \$3,309.00 or 4.3 per cent as detailed in the following table:

ESTIMATED ANNUAL REVENUE EFFECT OF PROPOSED TRANSFER
BASED ON CONSUMPTION FOR THE YEAR ENDED JUNE, 1963

<u>Class of Service</u>	<u>No. of Cust.</u>	<u>Revenue of So. Calif.</u>	<u>Revenue of So. Counties</u>	<u>Reduction Amt.</u>	<u>Percent</u>
General Service:					
Multiple Use	172	\$ 27,941	\$ 25,324	\$2,617	9.4%
Heating Only	3	242	206	36	14.9
Total	<u>175</u>	<u>28,183</u>	<u>25,530</u>	<u>2,653</u>	<u>9.4%</u>
Firm Industrial	-	-	-	-	-
Gas Engine	19	17,599	17,257	342	1.9
Regular Interr.	1	31,173	30,859	314	1.0
Total Active	<u>195</u>	<u>\$ 76,955</u>	<u>\$ 73,646</u>	<u>\$3,309</u>	<u>4.3%</u>
Inactive Accounts	24				
Total Customers	<u>219</u>				

It is represented that no additional regulatory franchises or permits would be required as Counties is presently certificated to exercise franchise rights in the City of Ontario and in the County of San Bernardino under prior Commission orders.

A Commission staff engineer has submitted a memorandum report covering his review of the application, and the results of a field investigation of the area involved in the proposed transfer. His report is hereby designated as Exhibit 1 and made a part of this record.

Exhibit 1 indicates that the use of Cucamonga Creek for part of the proposed boundary would be practical and that the placing of the transferred territory in Counties' Rate Area No. 11 would be reasonable. The report further indicates that with the boundary realignment, customers in the Ontario Industrial Park area would be more favorably situated with respect to the utility's commercial office, and also for service and maintenance work.

The staff report verifies the information that in almost all cases customers would receive rate reductions under the proposal.

The only exceptions to this are four customers receiving gas engine service who would have their annual bills increased. The largest such increase would be \$13.42 on an annual bill of \$1,215.00 or 1.1 per cent. The next largest increase would be \$5.64 on an annual bill of \$422.00 or 1.3 per cent. The increases to the other two customers are stated to be negligible in amount.

After considering the evidence, the Commission finds that a public hearing is not necessary; that the proposed transfer is not adverse to the public interest; and that the increases in rates involved to a few customers will be offset by improved service, as customers will be in closer proximity to the utility's commercial and service facilities.

The Commission finds that the increases in rates and charges to certain customers involved in the transfer are justified and should be authorized, that the existing rates to those customers after transfer are for the future, unjust and unreasonable.

Based upon the above findings, the Commission concludes that the application should be granted subject to the conditions contained in the following order.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

IT IS HEREBY ORDERED that:

1. Southern California Gas Company and Southern Counties Gas Company of California may, on or after the effective date hereof,

and on or before June 30, 1964, sell and buy and transfer public utility property pursuant to the agreement embodied in the application, as Exhibit D, subject to the following conditions:

- a. Customers being transferred shall be placed on the appropriate rate tariff of Southern Counties Gas Company of California.
- b. On or before the date of actual transfer, all deposits which customers are entitled to have refunded shall be refunded, and any unrefunded deposits shall be transferred to become the obligation of refund of Southern Counties Gas Company of California.
- c. On or before the date of actual transfer, Southern California Gas Company shall deliver to Southern Counties Gas Company of California all records, memoranda, and papers pertaining to this transfer, in accordance with General Order No. 28.

2. Southern Counties Gas Company of California is authorized to extend its Rate Area No. 11, to encompass the area involved in the transfer, and shall assign the same rate levels as are now applicable in Rate Area No. 11 to such added territory.

3. Both applicants shall file in accordance with General Order No. 96-A, revised tariff schedules to appropriately reflect the relocation of the common territorial boundary and the changes in their respective rate areas.

4. If the authority herein granted is exercised, applicants shall, within thirty days after the transfer, notify this Commission in writing, of the date of completion of the property transfer herein authorized.

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

Dated at SAN FRANCISCO, California, this 17th day of DECEMBER, 1963.

William L. Seward
President
John E. Taylor
Wendell W. Ray
George G. Trover
Fredrick B. Holoboff
Commissioners