

ORIGINALDecision No. 67046

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN COUNTIES GAS COMPANY OF)
 CALIFORNIA for authorization pursuant) Application No. 45967
 to Section 851 of the Public Utilities) (Filed November 15, 1963)
 Code of the State of California to)
 sell certain facilities.)

In the Matter of the Application of)
 SOUTHERN CALIFORNIA GAS COMPANY, a)
 corporation, for an order of the)
 Commission under Section 851 of the) Application No. 45968
 Public Utilities Code authorizing) (Filed November 15, 1963)
 it to sell certain facilities to the)
 PACIFIC LIGHTING GAS SUPPLY COMPANY,)
 a corporation.)

A. R. Robbins and Milford Springer, by A. R. Robbins,
 for Southern Counties Gas Company of California; and
 John Ormasa and L. T. Rice, by John Ormasa, for
 Southern California Gas Company; applicants.
 Oscar C. Sattinger and John P. Egan, by Oscar C.
Sattinger, for Pacific Lighting Gas Supply Company,
 interested party.
Alfred V. Day, for the Commission staff.

O P I N I O N

These applications were heard on a consolidated record
 before Commissioner Holoboff and Examiner Coffey in San Francisco
 on January 29, 1964, and were submitted at the conclusion of the
 hearing. Copies of the applications were served in accordance with
 the Commission's procedural rules.

Southern Counties Gas Company (Counties), Southern
 California Gas Company (California), and Pacific Lighting Gas
 Supply Company (Pacific) presented four witnesses and fifteen

exhibits in support of the requests that Counties and California be permitted to sell gas metering facilities, dehydration stations, pipelines and appurtenant facilities useful or convenient to implement the purchase of natural gas from California producers under the gas purchases agreements which were assigned on November 1, 1963, to Pacific by the applicants. There were no protestants.

The agreements for the sale and purchase of the facilities (Exhibits S-2 and C-2) provide for purchase prices based on the depreciated book cost as of November 1, 1963. The base price may be modified to reflect the book cost of any additional facilities, adjusted for any retirements installed by applicants between November 1, 1963, and the closing date. The agreements provide for the proration of property taxes, but do not provide for the payment of sales taxes. The sale of the facilities is conditioned upon obtaining from this Commission orders authorizing the sales. The base price of Counties' facilities is \$21,449.48 and that of California is \$536,486.

The proposed sale and related adjustments is estimated to increase the gross revenue requirement of Counties by \$20,000, to decrease the gross revenue requirement of California by \$204,200 and to increase the gross revenue requirement of Pacific by \$170,000. The apparent net difference is attributable to use by Pacific of different depreciation rates and different income tax interest deductions.

Witness for Pacific testified that Pacific would acquire all additional California gas supplies for the affiliated companies

(applicants and Pacific), that Pacific would purchase the additional supplies of gas to be purchased from the Transwestern Pipe Line Company, and that Counties and California would purchase the additional supplies of gas available from the El Paso Company. No decision has been reached by the affiliated companies as to which of the companies would purchase gas from a third out-of-state supplier.

Applicants allege that the public interest will not be adversely affected by the transfer of said facilities to Pacific.

The Commission finds that the proposed sales described in Exhibits S-2 and C-2 will not be adverse to the public interest and concludes that applicants should be authorized to sell to Pacific the facilities described in said exhibits and in Exhibit S-4.

The action taken herein is for authorization to transfer properties and is not to be considered as indicative of amounts to be included in proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Southern Counties Gas Company of California is authorized to sell to Pacific Lighting Gas Supply Company the facilities described in the written agreement set forth in Exhibit C-2 in this proceeding and to consummate said transaction in accordance with the terms of said agreement.

2. Southern California Gas Company is authorized to sell to Pacific Lighting Gas Supply Company the facilities described in

Exhibits S-2 and S-4 in this proceeding and to consummate said transaction in accordance with the terms of the agreement set forth in said Exhibit S-2.

3. Applicants shall within thirty days after such sale and transfer notify this Commission in writing of the date thereof.

4. The authority granted herein shall expire in the event that Pacific Lighting Gas Supply Company does not consummate the purchase herein authorized 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 7th day of April, 1964.

William M. Bunch
President
George H. Hoover
Frederick B. Holdcroft
Commissioners