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Decision No. \_\_\_\_\_

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
 PACIFIC GAS AND ELECTRIC COMPANY for )  
 a certificate or certificates of )  
 public convenience and necessity )  
 (a) to construct, operate, maintain )  
 and use the natural gas project )  
 herein described, and (b) to exercise )  
 the rights under franchises obtained )  
 and to be obtained, for the supply )  
 of gas service in the Town of Clements, )  
 in the City of Ione, and in the unin- )  
 corporated areas in the counties of )  
 San Joaquin and Amador along or )  
 adjacent to the route of the project, )  
 at filed and effective rules, rates )  
 and charges. )

Application No. 47639

(Gas)

O P I N I O N

Applicant's Request

By the above-entitled application, filed June 3, 1965, Pacific Gas and Electric Company, a California corporation, requests an order or orders of the Commission for the following purposes:

1. Finding that the present and future public convenience and necessity require the construction, operation and maintenance of the natural gas project described in the application, which will extend the applicant's existing natural gas system in San Joaquin County and Calaveras County to the incorporated City of Ione and to certain unincorporated areas within the County of Amador, to the unincorporated Town of Clements and other unincorporated areas within the County of San Joaquin, and to certain unincorporated areas of the County of Calaveras, the unincorporated

areas being along or adjacent to the route of the proposed gas feeder main extension to the City of Ione and along or adjacent to the proposed transmission main reinforcement, and which will require the exercise of the gas franchises and rights obtained or to be obtained from the City of Ione, the County of Amador, the County of San Joaquin and the County of Calaveras.

2. Granting and issuing certificates of public convenience and necessity to:

(a) Construct, operate and maintain the natural gas project described in the application; and

(b) Exercise the rights and privileges under general county gas franchises granted to the applicant by Ordinance No. 1228 of the Board of Supervisors of the County of San Joaquin and by Ordinance No. 222 of the Board of Supervisors of the County of Calaveras to the extent necessary to construct, operate and maintain the project and extensions thereof made in the ordinary course of business in the unincorporated territory of said counties.

3. Declaring that the Commission will hereafter, when applicant secures the rights, privileges and franchises which it contemplates securing from the County of Amador and from the City of Ione, issue a certificate or certificates declaring that the present and future public convenience and necessity require and will require the exercise of the rights, privileges and franchises to be granted by said contemplated franchises.

A map of the areas for which certificates are requested is attached to the application as Exhibit B.

Service Area

The areas for which certificates are requested consist (1) of the unincorporated Town of Clements and the incorporated City of Ione and the territory adjacent thereto, together with that area located along and adjacent to the feeder main facilities extending to the Town of Clements and to the City of Ione where service may be supplied, either directly from the proposed mains or by means of short extensions therefrom, and (2) of unincorporated areas within the County of San Joaquin and the County of Calaveras immediately adjacent to the transmission main reinforcement where service may be supplied, either directly from the proposed reinforcement transmission mains or by means of short extensions therefrom.

Applicant states that as of May 11, 1965, it has obtained 497 signed applications for gas service to be furnished by the proposed facilities and an estimated annual interruptible consumption potential in the third year of service of 917,000 Mcf per year.

The requested areas are not presently served by any public utility natural gas system and no other public utility natural gas system, other than facilities of the applicant, is within reasonable proximity of the proposed project.

The Project

The project as proposed will consist of two sections:

1. Approximately 20,064 feet of 10-inch gas transmission main is to be installed to parallel and reinforce an existing 8-inch main (designated by the utility as Main No. 197) in order to maintain the existing transmission capacity.

2. A feeder main consisting of approximately 75,504 feet of 10-inch pipe is to extend from a tap on gas Main No. 197 northward to the vicinity of the City of Ione. From a tap on the extension, a 2-inch feeder main will carry gas to the vicinity of the unincorporated Town of Clements. From the northermost end of the 10-inch feeder main extension, 6-, 4-, and 2-inch feeder main facilities will carry gas to prospective industrial customers and to the distribution system. The distribution systems will include approximately 35,000 feet of 2-, 3-, and 4-inch mains in the City of Ione, and approximately 3,600 feet of 2-inch main in the Town of Clements. The feeder main facilities will also incorporate necessary and required measurement and regulation equipment and devices; and the distribution systems will include necessary regulators, services, and meters.

Applicant estimates that the capital expenditure for the transmission main reinforcement will be \$133,907, and the capital expenditure for the feeder main, associated distribution facilities and services will total \$905,847, as indicated in Exhibit E of the application.

#### Proposed Rates

Applicant proposes to furnish natural gas service in accordance with its filed tariff schedules, including Schedule No. G-6.1, General Natural Gas Service; Schedule No. G-40.1, Firm Industrial Natural Gas Service; and Schedule No. G-53, Interruptible Natural Gas Service, which schedules were authorized by the Commission to be effective for the project area in Resolution No. G-1267, effective April 14, 1965, Advice Letter No. 511-G, filed March 15, 1965.

In Advice Letter No. 511-G, applicant estimated for the third year of operation of the project expenses including income taxes of \$373,800 and revenues of \$434,100 producing a return of \$60,300 or a rate of return of 6.04 percent with a depreciated rate base of approximately \$1,002,200.

Financing

Applicant proposes to finance the construction of its public utility natural gas project by using, to the extent available, working capital, monies in reserve, funds not otherwise required for immediate use, and the proceeds of the issue and sale of such stocks, bonds, notes or other evidences of indebtedness as the Commission shall hereafter, by proper application, authorize for that purpose.

Franchises

The proposed 10-inch transmission main reinforcement will be located in part in unincorporated portions of the County of San Joaquin and in part in unincorporated portions of the County of Calaveras, for which existing franchises are applicable including Ordinance No. 497 dated April 28, 1947 of the Board of Supervisors of the County of San Joaquin and Ordinance No. 222 dated May 21, 1956 of the Board of Supervisors of the County of Calaveras. In Decision No. 40976 dated December 1, 1947, in Application No. 28820, the Commission granted a certificate of public convenience and necessity to exercise the rights and privileges of the franchise granted by Ordinance No. 497 of the County of San Joaquin. In Decision No. 53522 dated July 31, 1956, in Application No. 37989 (amended) the Commission granted a certificate of public convenience and necessity to exercise the rights and privileges of the franchise granted in Ordinance No. 222 of the County of Calaveras.

Ordinance No. 1228, dated March 30, 1965, of the Board of Supervisors of the County of San Joaquin grants to the applicant a new gas franchise of indeterminate duration. By Decision No. 69346, entered today in Application No. 47629, the Commission granted a certificate of public convenience and necessity to exercise the franchise granted by Ordinance No. 1228.

That portion of the project which includes the feeder main facilities, distribution facilities, and services is located in part in unincorporated areas of San Joaquin County, in part in unincorporated areas of the County of Amador, and in part within the incorporated City of Ione (Amador County). Both Ordinance No. 497 and Ordinance No. 1228 of the County of San Joaquin are applicable to the unincorporated areas of San Joaquin County in which the feeder main and transmission main reinforcement will be installed.

Applicant states that on February 26, 1965, it filed with the Board of Supervisors of the County of Amador, State of California, an application for a franchise to construct and operate a public utility gas system within the County of Amador. This franchise would provide for an annual payment to Amador County of the equivalent of two percent of the gross annual receipts arising from the use, operation, or possession of the franchise. Applicant requests that the Commission, under provisions of Section 1003 of the Public Utilities Code, issue an order preliminary to the issuance of a certificate of public convenience and necessity declaring that this Commission will hereafter, when applicant has obtained the rights, privileges and franchise, which it contemplates securing from the County of Amador, issue a certificate or certificates declaring that the present and future

public convenience and necessity require and will require the exercise of the rights and privileges to be granted by the contemplated franchise from the County of Amador.

Applicant states that on February 26, 1965, it filed with the City Council of the City of Ione, County of Amador, an application for gas franchise, pursuant to the Franchise Act of 1937. The applicant further states that the City Council, at a meeting held on May 3, 1965, passed and adopted a resolution declaring its intention to grant said franchise. This franchise, to be granted in accordance with the Franchise Act of 1937, provides for the annual payment to the City of Ione the equivalent of two percent of the gross receipts arising from the use, operation or possession of the franchise but not less than one percent of the gross annual receipts derived by the applicant from the sale of gas within the limits of the City of Ione. The applicant requests that the Commission, under provisions of Section 1003 of the Public Utilities Code, issue an order preliminary to the issuance of a certificate of public convenience and necessity, declaring that it will hereafter, when applicant shall obtain the rights, privileges and franchise which it contemplates securing from the City of Ione (County of Amador) issue a certificate or certificates declaring that the present and future public convenience and necessity require and will require the exercise of the rights and privileges to be granted by the contemplated franchise from the City of Ione.

Findings and Conclusions

The Commission has given consideration to this matter and finds that: (1) a public hearing is not necessary; (2)

applicant's proposed public utility natural gas project appears to be properly designed to meet requirements in the areas sought and to be in the public interest; (3) the applicant has requisite financial ability to carry out the proposed construction and operation of the natural gas project; and (4) the public convenience and necessity require (a) the construction, operation and maintenance of a public utility natural gas system in the areas sought, and (b) the exercise of gas franchises, rights and privileges granted or to be granted by the Counties of Calaveras, San Joaquin and Amador and the City of Ione for the areas sought in connection herewith.

The Commission concludes that the application should be granted as set forth in the order which follows.

The certificates herein granted are subject to the following provisions of law:

1. That the Commission shall have no power to authorize the capitalization of the franchises 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 a political subdivision thereof as consideration for the grant of such franchise, certificate of public convenience and necessity, or right.
2. That the franchises involved herein shall never be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the grantee of the necessary publication and any other sum paid by it to the municipality therefor at the time of the acquisition thereof.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, a corporation, is hereby granted a certificate of public convenience and necessity

to construct and operate a public utility natural gas system project for the transmission and distribution and sale of natural gas in San Joaquin County, Calaveras County and Amador County and the City of Ione and those areas adjacent to the project where gas may be supplied, either directly from the proposed mains or by means of short extensions thereto.

2. Pacific Gas and Electric Company, a corporation, is hereby granted a certificate of public convenience and necessity to exercise the rights and privileges of the gas franchise granted by the County of Calaveras by Ordinance No. 222 adopted May 21, 1956, within the area above described and in areas hereafter to be served through extensions of its existing system made in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code.

The Commission may hereafter by appropriate proceeding and order limit the authority herein granted to applicant as to any territory within the County of Calaveras not then being served by it.

3. Pacific Gas and Electric Company, a corporation, is hereby granted a certificate of public convenience and necessity to exercise the rights and privileges of the gas franchise granted by the County of San Joaquin by Ordinance No. 1228, adopted March 30, 1965, within the area above described and in areas hereafter to be served to extensions of its system made / in the ordinary course of business as contemplated by Section 1001 of the Public Utilities Code.

The Commission may hereafter by appropriate proceeding and order limit the authority herein granted to applicant as to any territory within the County of San Joaquin not then being served by it.

IT IS FURTHER ORDERED that:

4. When the applicant secures the rights, privileges and franchises which it contemplates securing from the County of Amador and from the City of Ione in Amador County and duly files copies of each franchise thereof by means of supplemental applications herein, the Commission will issue certificates of public convenience and necessity to exercise said contemplated franchises.

The Commission may hereafter by appropriate proceeding and order limit the territory therein granted to applicant as to any territory within the County of Amador not then being served by it.

5. Applicant is authorized to apply in the areas certificated herein its tariff schedules applicable thereto as heretofore authorized in the Commission's Resolution No. G-1267, effective April 14, 1965.

6. Within thirty days after the effective date of this order, applicant shall file in quadruplicate with this Commission in conformity with General Order No. 96-A revised tariff schedules acceptable to this Commission, including tariff service area maps, to provide for the application of said tariff schedules to the areas certificated herein. Such revised tariff sheets shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

7. The applicant shall maintain its records so that the revenues, capital cost and operating expenses for the natural gas project herein authorized may be readily determined at any time.

8. The applicant shall notify this Commission in writing of the completion of the system for which this certificate is granted within sixty days thereafter.

9. The applicant shall not exercise the franchises for the purposes of supplying gas in those parts or portions of the Counties of Amador, Calaveras and San Joaquin not now served by it except through extensions of its existing system made in the ordinary course of business contemplated by Section 1001 of the Public Utilities Code.

The authority herein granted will expire if not exercised within two years after the effective date hereof.

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

Dated at San Francisco, California, this 7th day of July, 1965.

Frederick B. Whitsett  
President

John E. Mitchell

George A. Crover

Augustin

William L. Bennett  
Commissioners