

ORIGINAL

Decision No. 71023

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
VENTURA BUTANE CORPORATION (dba)
PETROLANE-SIERRA GAS SERVICE), a)
corporation, for an order of the)
Commission under Section 1001 of the)
Public Utilities Code authorizing)
Applicant to construct and operate)
a gas distribution system to supply)
propane and/or natural gas service)
within the "Sierra Highlands" tract,)
Inyo County, California.)

Application No. 48004
(Filed October 25, 1965)
(Amended January 11,
May 9 and May 18, 1966)

Robert V. Wills, for applicant.
Arch Main, for the Commission
staff.

O P I N I O N

By the second amendment, Petrolane-Sierra Gas Service, Inc. was substituted for applicant. It seeks a certificate of public convenience and necessity to construct and operate a propane or natural gas distribution system in the Sierra Highlands tract comprising approximately 40 acres of unincorporated territory of Inyo County about two and one-half miles west of Bishop.

Public hearing was held before Examiner Warner on May 24, 1966, at Bishop. Although all known purchasers of property within the tract were notified and public notices were posted, no protest to the granting of the application was entered.

Applicant operates a liquid petroleum gas distribution system in and about the unincorporated community of Bridgeport,

Mono County, California, and is a wholly owned subsidiary of Petrolane Gas Service, Inc., which is a large liquid petroleum and chemical fertilizer company operating in 32 states and in Canada, Mexico, The Netherlands, and West Germany. Exhibit No. 4 is the latter's 1965 annual report to its stockholders showing gross revenues of \$42,261,294. Ventura Butane Corporation, initial applicant herein, was granted a certificate of public convenience and necessity to operate in the Bridgeport area by Decision No. 65915, dated August 20, 1963. Applicant's principal place of business is 1600 East Hill Street, Signal Hill, California.

Applicant has purchased a utility lot and has installed two 1,000-gallon propane storage tanks on said lot and 2-inch wrapped steel mains throughout the subdivision. All mains are located on private property and no advance for their construction has been required, since applicant has financed such construction with its own funds provided by its parent.

The rates proposed to be charged are competitive with the retail cost of bottled gas in the area, and are set forth in Exhibit No. 1. They are in quantities of therms, which equal 100,000 btu per therm, and which will accommodate to the operating pressures at Bishop's elevation.

Exhibit "3" shows applicant's estimated rate of return, for the first year of operation, with 30 residential customers, sales of 33,120 therms, and estimated revenue of \$7,380, to be 4.9 percent. During the second year of operation, when all 64 lots are occupied, sales are estimated to be 70,656 therms, with estimated revenues of \$15,744, total expenses of \$14,326, estimated

net utility revenue of \$1,418, rate base, \$21,895, and rate of return of 6.5 percent. The average residential customer's monthly bill would be about \$20.

Applicant stipulates that if there were deficiencies in earnings from the plant now installed, occasioned by failure of the subdivision to develop on a self-sustaining basis, such deficiencies would be absorbed by applicant.

We find that:

1. Petrolane-Sierra Gas Service, Inc., substituted for Ventura Butane Corporation (dba Petrolane-Sierra Gas Service), the applicant, whose parent is Petrolane Gas Service, Inc., with headquarters in Signal Hill, California, has installed a liquefied petroleum gas distribution system to serve the 64 lots comprising the Sierra Highlands tract in unincorporated territory of Inyo County about two and one-half miles west of Bishop, California.

2. Applicant is operating as a public utility gas distribution gas corporation in Bridgeport, California.

3. Propane gas is being distributed by pipeline to 10 customers in Sierra Highlands tract and there is a public demand for propane gas service to the balance of the tract.

4. No showing of public demand for natural gas service or the economics of furnishing such service has been made.

5. Public convenience and necessity require that a certificate of public convenience and necessity be granted to applicant to construct and operate a propane gas distribution system as applied for. Public convenience and necessity do not require the granting of a certificate to construct and operate a natural gas distribution system.

6. Applicant's proposed rates appear to be reasonable according to the best estimates of the results of operation for the first and second years as they are set forth in the application.

7. Applicant's proposed financing is reasonable, and applicant appears to be financially responsible.

We conclude that the application, as amended, should be granted for a certificate to construct and operate a propane gas distribution system, and denied for a certificate to construct and operate a natural gas distribution system.

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 proceedings for the purpose of determining just and reasonable rates.

The certificate hereinafter granted shall be subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

ORDER

IT IS ORDERED that:

1. Petrolane-Sierra Gas Service, Inc., a corporation, is granted a certificate of public convenience and necessity to construct and operate a propane gas distribution system in the Sierra Highlands tract comprising 64 lots in about 40 acres of unincorporated territory of Inyo County about two and one-half miles west of Bishop.

2. After the effective date of this order:

- (a) Applicant is authorized to and shall file the schedule of rates for general service set forth in Exhibit 1;
- (b) Applicant is authorized to and shall file revised or additional tariff sheets, including preliminary statement, tariff area map, and appropriate revisions acceptable to the Commission of general rules which are to include a statement of the minimum heating value of gas served under their rates, to provide for the application of its present tariff schedules other than Schedule No. G-80 to the area certificated herein.

Such filings shall comply with General Order No. 96-A. The tariff sheets so filed shall become effective upon five days' notice to the Commission and to the public.

3. Applicant shall notify this Commission, in writing, of the date service is first provided, under the rates and rules as hereinabove provided, to the area certificated herein within twenty days thereafter.

4. Applicant shall submit a report of the heating value of gas served in the area certificated herein within sixty days after service is first provided as hereinabove specified and annually each January thereafter.

5. Applicant shall maintain its records in such form as may be required so that the investment in and operating results of the propane gas system serving the area certificated herein may be separately determined upon request by the Commission.

5. The application for a certificate of public convenience and necessity to construct and operate a natural gas distribution system is denied.

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

Dated at San Francisco, California, this 26th day of JULY, 1966.

Arthur E. Wood
President

George E. Crow

Fredrick B. Holdhoff

Augusta

William L. ...
Commissioners