

ORIGINAL

Decision No. 15122

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern Counties Gas Company of California, a corporation, for a Certificate of Public Convenience and Necessity covering the construction of a proposed thirteen inch natural gas line, extending from a point in the Ventura River Oil Field, Ventura County, to a Point in the County of Los Angeles, tying in with Applicant's existing system in Los Angeles County, and for a Certificate of Public Convenience and Necessity to exercise certain franchise rights in the County of Los Angeles, and in the Cities of San Fernando, Burbank, Glendale and Los Angeles, under Franchises applied for by Applicant.

Application No. 11046

LeRoy M. Edwards, for applicant.
Paul Overton, for Los Angeles Gas and Electric Corporation, an interested party.
Hugh Gordon and Thomas J. Reynolds, for Southern California Gas Company and for Midway Gas Company, protestants.

SEAVEY, COMMISSIONER:

O P I N I O N

Southern Counties Gas Company of California asks the Railroad Commission to certify that the present or future public convenience and necessity require the construction of a pipe line for the transmission of natural gas from the Ventura River Oil Fields to connect with Applicant's existing system in Los Angeles County and the exercise, in the construction and operation of such a line, of franchise rights granted or to be granted by the County of Los Angeles and the Cities of San Fernando, Burbank, Glendale and Los Angeles.

It appears from the evidence presented at a public hearing held on June 1, 1925, that applicant has, for some time

past, been purchasing natural gas in the Ventura Fields; that the supply of gas available in these fields has greatly increased and that under its contract for purchase Applicant must immediately accept, or else forfeit, the additional supply of gas. It has also been shown by the testimony and by the investigations that have been carried on by the Commission's Engineers that the production of natural gas in the existing fields in the Los Angeles Basin is beginning to decline and that additional supplies must sooner or later be brought in if future requirements are to be met.

Applicant has commenced the construction of a welded steel pipe line approximately thirteen inches in diameter from Ventura to Glendale where connection will be made with an existing ten inch pipe line of Los Angeles Gas and Electric Corporation which already connects with Applicant's system at Montebello. Use of this pipe line of Los Angeles Gas and Electric Corporation will be by agreement between the two companies. The cost of the new line is estimated at approximately \$1,304,000. and its capacity at a maximum of twenty-four million cubic feet per day under four hundred and fifty pounds per square inch initial pressure.

The application is protested by Midway Gas Company and Southern California Gas Company on account of certain existing contractual relations. The Midway and Southern California Companies are now supplying large quantities of natural gas to Los Angeles Gas and Electric Corporation under contracts which give Los Angeles Gas and Electric Corporation priority over industrial consumers of the two supplying companies. These two companies express the fear that in the summer time, when the supply of natural gas exceeds the demand, Los Angeles Gas and Electric Corporation will purchase gas from Southern Counties Gas Company in preference to the Midway and Southern California Companies, while during the winter, when the demand for

gas exceeds the supply, Los Angeles Gas and Electric Corporation will call upon the Midway and Southern California Companies to fulfill their contracts for the delivery of natural gas. Such action would place upon the Midway and Southern California Companies the burden of an undue proportion of the fluctuation in the demand for natural gas as compared with the supply and would require these companies to deliver gas under conditions more onerous than contemplated at the time the existing contracts were entered into and prices agreed upon. The protestants have not attempted to show that the construction of the proposed transmission line is either unnecessary or undesirable and they have no objection to the granting of the application provided their interests are protected. It appears that there is some danger of hardship being worked upon the Midway and Southern California Companies by the unrestricted exercise of the certificate applied for and the order accompanying this opinion will provide for the necessary protection.

The evidence presented at the hearing does not show that a shortage of natural gas exists in the Los Angeles Basin at the present time. On the contrary, it appears that except during the cold days of the past winter Southern Counties Gas Company has had available surplus natural gas in excess of the requirements of all of its consumers which surplus has been sold to Los Angeles Gas and Electric Corporation. The necessity for the additional source of supply is in the future rather than the immediate present. The same conditions that will require this additional supply of gas for Southern Counties Gas Company are likely to cause a shortage in the supply of gas available to the communities served by the other companies mentioned, whose transmission lines are now connected with those of the Southern Counties Company. It would be far from a desirable condition for Southern Counties Company to be supplying natural gas for

industrial purposes or boiler fuel while in adjoining communities the supply might be inadequate for domestic requirements.

The granting of the certificate prayed for at this time is justified by the prospective convenience and necessity of the public as a whole rather than by any immediate necessity of the consumers now served by Southern Counties Gas Company. The certificate that is granted will, therefore, be subject to the condition that the gas to be transmitted by the line herein authorized will be distributed for the benefit of the entire public rather than for the limited portion served by Southern Counties Gas Company.

I submit the following form of order:

O R D E R

Southern Counties Gas Company of California having applied to the Railroad Commission for an order certifying that present or future public convenience and necessity require the construction of a pipe line for the transmission of natural gas and the exercise of the rights and privileges of certain franchises granted, or to be granted, to Southern Counties Gas Company of California, a public hearing having been held, the matter being submitted and now ready for decision;

The Railroad Commission hereby certifies and declares that public convenience and necessity require and will require the construction by Southern Counties Gas Company of California, of a pipe line for the transmission of natural gas from a point in the Ventura River Oil Field to a point in the County of Los Angeles and the exercise by Southern Counties Gas Company of the rights and privileges granted by Ordinance No. 204 adopted April 20, 1925, by the Board of Trustees of the City of San Fernando, Ordinance No. 288 adopted April 28, 1925, by the Board of Trustees of the City of Burbank, Ordinance No. 1059 adopted April 9, 1925, by the Board of Trust-

ees of the City of Glendale and by franchises for the granting of which Southern Counties Gas Company of California has made its applications to the Board of Supervisors of the County of Los Angeles and to the Council of the City of Los Angeles, all subject to the following conditions and not otherwise:

(1) That natural gas transported through said pipe line shall not be delivered to Los Angeles Gas and Electric Corporation or sold for resale except under such conditions as may be specifically approved by this Commission.

(2) That in the event of a shortage in the supply of natural gas in Los Angeles, Orange, San Bernardino or Riverside Counties, the natural gas transported by means of said pipe line shall be disposed of and distributed in accordance with the orders of this Commission.

(3) That on or before August 31, 1925, Southern Counties Gas Company of California shall file with the Commission a stipulation duly executed on authority of its board of directors agreeing that it will never claim for any of said franchises a value in excess of the cost thereof.

The authority herein granted shall be effective from and after the date of this order.

The foregoing opinion and order is hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 2^d day of July, 1925.

H. B. Brundage

C. Cheaney

George D. Squires

Commissioners.