

Decision No. 21511

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PACIFIC GAS & ELECTRIC COMPANY, a  
corporation, for an order of the  
Railroad Commission of the State of  
California, granting to applicant a  
certificate of public convenience  
and necessity to construct the gas  
transmission lines therein described.

Application No. 15,676.

ORIGINAL

C. P. Cutten, for Applicant;

Thelen & Marrin, for Western Natural  
Gas Company;

R. L. Vaughan, for Coast Counties  
Gas and Electric Company.

E. L. Schary, for Consumers Gas Company.

WEITSELL, COMMISSIONER:

O P I N I O N

In this application, Pacific Gas and Electric Company, applicant, refers to and incorporates therein its application No. 15602, and alleges that, in addition to the proposed pipe lines and project for the transmission of natural gas covered by Application No. 15602, it purposes to lay, install and maintain a pipe line for the transportation of natural gas from a point in Section 7, Township 16 south, Range 14 east, M. D. B. & M., in Fresno County, and at the junction of the twenty-inch and twenty-two inch sections of the line described in Application No. 15602, to a point near the City of Richmond, said line to traverse the Counties of Fresno, Merced, Stanislaus, San Joaquin and Contra Costa; that said line is to be twenty inches in diameter, approximately 162 miles long, and

to have a delivery capacity of 60,000,000 cubic feet of natural gas per day, without compression, which delivery capacity could be increased to 125,000,000 cubic feet per day by the installation of compressor stations.

Applicant further alleges that said pipe line will be connected to its Oakland-Milpitas natural gas transmission system by a twenty inch line from Richmond to its Gas Station "B" in Oakland, thereby providing an additional natural gas supply to applicant's East Bay territory.

Applicant further alleges that it purposes to construct, install and maintain, from a point on its said main gas transmission line near Crow's Landing in Stanislaus County, a branch line 12-3/4 inches in diameter and 50 miles in length extending northeasterly to Modesto, and thence northerly to Stockton in San Joaquin County; the delivery capacity of said branch line to be 15,000,000 cubic feet of natural gas per day.

Applicant also alleges that this natural gas transmission line project will be built mainly on private rights of way, but that if applicant shall find it necessary or convenient to occupy or use any of the public roads in the counties through which it is proposed to build the same, the right to the use and occupancy of which it does not now have, it will obtain the necessary rights and franchises to use and occupy said roads and will subsequently apply to this Commission for the right and authority to exercise the same.

Public hearings were held on this application at San Francisco, California, on June 13th, 20th and 21st, 1929.

Evidence presented indicates that Pacific Gas & Electric Company is now and has been serving manufactured gas of 550 B. T. U. heat content to its consumers in the cities and suburbs of Oakdale, Stockton, Lodi, Sacramento, Roseville, Woodland, Davis, Richmond, Vallejo, Napa, Santa Rosa, San Rafael, Sausalito and others, for domestic, commercial and some industrial purposes; further, that

it has been in the business of serving such gas for the past twenty-four years in this State, and that during the year 1928, it served 97% of all the gas sold and 96% of all of the gas consumers from and including the City of Fresno, north; further, that during the year 1928, its total gas sales amounted to 21,068,000,000 cubic feet of 550 B. T. U. manufactured gas, and that on December 31, 1928, the total number of gas consumers being so served by applicant was 467,093, or approximately 45,000 cubic feet per consumer per year; and further, that the average daily sendout was approximately 70% of the maximum daily sendout.

Further evidence presented indicates that applicant has entered into contracts for the purpose of securing a supply of natural gas from producers in the Kettleman Hills and Buttonwillow Fields, namely, Milham Exploration Company, Texas Oil Company and Standard Oil Company of California, adequate in quantity to meet its needs for some years to come.

Applicant's witnesses testified that public convenience and necessity require and will require the building of this line by applicant, in order that applicant may bring natural gas to the territory traversed by same, build up an industrial load therein, augment the supply of natural gas to its San Francisco and East Bay Divisions and hasten the time of serving straight natural gas to all consumers in that territory and in the territory reached by the installation of its Buttonwillow-Milpitas line and of this second line from the source of supply.

Evidence presented by witnesses for Coast Counties Gas & Electric Company, protestant, indicates that Coast Counties Gas & Electric Company is now and has been serving manufactured gas of 550 B. T. U. heat content to its consumers in its so-called "Northern Division", the service area of which it designates as follows:

"All of that territory which is bounded on the north by those bodies of water known as San Pablo Bay, Carquinez Straits, Suisun Bay and The San Joaquin River,

and on the west, south and east by a line drawn at and from a point known as Point Pinole, running southeasterly to Walnut Creek, thence northwesterly to Antioch";

that the manufactured gas thus served is now being and has been purchased at wholesale by Coast Counties Gas & Electric Company, from Pacific Gas & Electric Company at a point near the junction of the Richmond-Martinez highway and the Giant Road in the vicinity of the Sebrante Grant Line in Contra Costa County, under contract between the two above mentioned utilities dated July 29, 1926, and which expires on November 24, 1931. This contract covers the purchase and sale of "all of the gas which shall be required for sale by the consumer (Coast Counties Gas & Electric Company) to its own consumers of gas, except such gas as shall from time to time be generated by consumer's own gas plant during the term, at the prices and upon the terms and conditions specified". Applicant (seller) takes the position that this contract is binding for the service of wholesale natural gas, while Coast Counties Gas & Electric Company, purchaser, takes the position that this contract covers only wholesale manufactured gas and not natural gas and asks the Commission to interpret such contract. We feel that it is not incumbent upon the Commission to interpret this contract.

At the hearings, Coast Counties Gas & Electric Company protested the granting of this application, unless, in the certificate, applicant be restricted to wholesale gas service to Coast Counties Gas & Electric Company, as respects the service area of the Northern Division of the latter, and that applicant be not permitted to serve gas directly to any class of consumers in such area. In this connection, it seems fair that Coast Counties Gas & Electric Company should have the first opportunity to serve the consumers in its own service area. However, such consumers are entitled to receive the best possible service at the lowest possible rate.

The application will be granted subject to such limitations as seem warranted. I recommend the following form of order:

O R D E R

Pacific Gas & Electric Company having applied to the Railroad Commission of the State of California for an order and decision certifying that public convenience and necessity require and will require the construction and operation by applicant of the natural gas transmission line project described in the opinion above, and the exercise by applicant of the permits, easements, rights, privileges and franchises granted and to be granted to it for use in connection therewith, public hearings having been held, the matter being submitted and now ready for decision,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and the same is hereby granted to Pacific Gas & Electric Company to construct and operate the natural gas transmission project referred to in the opinion above, and for the exercise by it of the permits, easements, rights, privileges and franchises granted or to be granted it, in so far as the exercise

of such permits, easements, rights, privileges and franchises may be necessary in connection with this project, and subject to the following conditions, and not otherwise;

(1) That all of the natural gas transported by means of said pipe line shall be distributed, allocated and disposed of in accordance with the orders of this Commission.

(2) That applicant shall, at the discretion of this Commission and when transmission line and compressor capacities permit, transport natural gas for other utilities, the volumes of gas thus transported and the transportation charges made therefor being subject to the approval of this Commission.

(3) That no natural gas transported through said pipe line shall be delivered or sold for resale except under such conditions as may be specifically approved by this Commission.

(4) That gas transmission lines shall not be constructed or operated by applicant in any county or counties of this State unless and until Pacific Gas & Electric Company shall file with this Commission certified copies of all necessary franchises to construct and operate such lines in said county or counties.

(5) That applicant shall not enter into contracts for the sale of gas directly to consumers within the service area of the Northern Division of Coast Counties Gas & Electric Company or within the service area of any other public utility unless and until specifically authorized so to do by this Commission.

(6) That before the effective date of this order Pacific Gas & Electric Company shall file a stipulation that within one (1) year from and after the effective date of this order, it will complete the institution of the service of straight natural gas to all of its gas consumers, which can be served with gas from natural gas transmission lines, including its consumers in the San Francisco, East Bay and San Jose divisions.

(7) That Pacific Gas & Electric Company shall file with this Commission a stipulation duly executed upon authority of its Board of Directors agreeing that applicant, its successors or assigns will never claim before the Railroad Commission or any court or other public body a value for any of the permits, easements and franchises used in connection with this project in excess of the original cost thereof.

(8) Upon the filing of the franchises and stipulation referred to in paragraphs (4) and (6) in the proper form, this Commission will issue its Supplemental Order authorizing the exercise of rights conferred by such franchises, said franchises and stipulation shall be filed on or before October 31, 1929.

(9) That the hearing on this application shall be kept open for the purpose of fixing rates and such other action as the Commission may take in connection therewith.

The authority herein granted, except as otherwise specifically provided, shall be effective from and after the date of this order.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order for the Railroad Commission of the State of California.

Dated at San Francisco, California, this 3rd day of September ~~August~~, 1929.

James O. Rutter  
Ch. J. Lewis  
Edward J. [unclear]  
Leon Whitehall  
W. J. Carr

COMMISSIONERS.