

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the matter of the service of gas by
Midway Gas Company, Southern California
Gas Company, Los Angeles Gas and Elec-
tric Corporation and Southern Counties
Gas Company.

Case No. 1390

- ✓ Herbert J. Goudge, Paul Overton and S. W. Guthrie,
for the Los Angeles Gas and Electric Corporation.
 - ✓ Hunsaker, Britt & Edwards, by Leroy M. Edwards, for
Southern Counties Gas Company.
 - ✓ Jared How, for Midway Gas Company and Southern
California Gas Company.
 - ✓ Charles S. Burnell, Jess E. Stephens and William P.
Mealey, for the City of Los Angeles.
 - ✓ M. Estudillo, for the City of Riverside.
 - ✓ Benjamin E. Paige, Arthur E. Hurt and Eugene D.
Williams for the Southwestern Shipbuilding Co.
 - ✓ S. M. Haskins, for the Los Angeles Shipbuilding
and Dry Dock Company.
 - ✓ I. G. Lewis, for the Chamber of Commerce of San
Pedro, the Chamber of Commerce of Harbor City,
and the Chamber of Commerce of Lomita.
- William W. Phelps, for the City of Hermosa Beach.

EDGERTON, Commissioner:

O P I N I O N

The Railroad Commission instituted this proceeding for
the purpose of investigating every phase and angle of gas service

in Southern California including Kern, Los Angeles, Orange, San Bernardino and Riverside Counties, where natural gas is served directly or as mixed gas for domestic, commercial and industrial purposes.

It was brought to the Commission's attention, through disputes and disagreements between companies and by complaints of industrial consumers regarding discontinuance of gas service, that a serious gas shortage has occurred and that during the coming winter the conditions will probably become still more serious. It appeared to the Commission that the gas service to the whole of Southern California was interconnected and interdependent and that in order to approach the matter intelligently and adequately it was necessary to consider gas service both inside and outside of the various municipalities.

The above entitled order was therefore instituted by the Commission and the utilities notified to appear on December 3rd before the Commission at Los Angeles to show cause, if any they had, why an investigation should not be made and the necessary orders issued covering the disposition of gas.

Hearing in the matter was held on December 3rd at Los Angeles.

A comprehensive report covering the general matter of service and the conditions existing, and which might be expected to exist during the coming winter, was submitted by Assistant Chief Engineer Lester S. Ready of the Railroad, ^{Commission} and evidence was introduced by Southern California Gas Company, Midway Gas Company and Southern Counties Gas Company.

It appears that there are interconnected gas transmission systems from the five main natural gas producing fields in Kern, Los Angeles and Orange Counties, transmitting and distributing gas to over eighty different incorporated cities and towns as well as to domestic and commercial consumers and industries in outlying territory. Natural gas is served

directly for industrial and commercial purposes in Kern, Orange, San Bernardino and Riverside Counties and in Los Angeles County except that district including the City of Los Angeles served by the Los Angeles Gas and Electric Corporation and Southern California Gas Company, where mixed gas, approximately 50% artificial and 50% natural, is being distributed.

During the week of November 26th to 30th there was a shortage of supply of gas in the Los Angeles districts due to a large increase in the demand caused by cold weather conditions, and, as a result, the service to domestic and commercial consumers was very unsatisfactory in Long Beach, San Pedro and Wilmington, industries were practically all disconnected and the quality of gas supplied in Los Angeles reduced. Estimates have been submitted by the Commission's engineers to the effect that it will be necessary to discontinue most of the industrial consumers during the winter in order that the quality of gas heretofore supplied to domestic and commercial consumers be continued and that, except in case of failure of transmission facilities, there is sufficient natural gas to continue the former quality of gas in Los Angeles and vicinity for domestic and commercial consumers if the gas is divided between gas companies according to their requirements.

This proceeding was not completed at the hearing held December 3rd as it was found that further evidence must be gathered and submitted to the Commission in order that it act advisedly.

However, to avoid a recurrence of the condition of total or partial failure of service which occurred between November 26th and 30th, it is necessary that this Commission issue an order determining for the time being the disposition of gas which shall be made.

The design of this order is to assure continuity of supply of domestic and commercial consumers of gas of the same quality as has normally been supplied; and after the needs of these consumers have been cared for, to provide service for industry, giving preference to those industries which are wholly dependent for operation upon gas.

In view of the fact that the total supply of gas is not sufficient to meet all demands, this order sets up priorities for the various classes of service.

This may result in a change in the amount of gas deliveries between the companies but inasmuch as this is a temporary order to be superseded as soon as possible by an order made after the investigation is completed and the Commission is more fully advised, the intention is to disturb the existing relation of the companies as little as possible.

It appears to me that the general principle that commercial and domestic service should have priority over industrial uses should prevail. There are, however, certain industries on the Southern California Gas Company's and Southern Counties Gas Company's systems which are dependent entirely upon natural gas and cannot use oil or other fuels in its place. Full consideration of these consumers' requirements and the question of distribution of gas has not been had. It would appear, however, that these consumers should be continued in so far as possible pending full investigation.

The attorneys for Los Angeles Gas and Electric Corporation urged that the oil companies producing the natural gas sold to transmitting companies were public utilities as to their gas supply and should be made parties to this proceeding and that the Commission consider the possibility of directing the disposition of gas produced by them.

The attorneys for Southern California Gas Company and Midway Gas Company and also for Southern Counties Gas Company opposed this proposal on both legal and practical grounds. This is a matter which must have careful consideration before final determination. The facts now in possession of the Commission render it difficult to determine whether such oil companies are public utilities with respect to all their natural gas or with respect to such part thereof as is sold to gas utilities for resale or consumption.

I believe it desirable and necessary that the facts should be further developed before the Commission makes definite pronouncement in this regard. For that reason I recommend that

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Honolulu Consolidated Oil Company
Southern Pacific Company
Southern Pacific Land Company
Union Oil Company of California
Dan Murphy and Richard J. Dillon
Associated Oil Company
G. Allen Hancock
Southern California Edison Company

be made parties to this proceeding and at the hearing that full inquiry be made with a view to determination by this Commission of the status of such oil companies with reference to the jurisdiction of the Commission.

It appears inadvisable, without giving full consideration to the natural gas situation, after final hearing and submission of this proceeding, to make any changes at this time in the quality of gas which has been served in any of the districts. A material variation in the quality of gas served would probably cause unsatisfactory service. The "mixed gas" service of gas by Los Angeles Gas and Electric Corporation and Southern California Gas Company has been of a quality averaging in the past approximately 815 B.T.U.s. per cubic foot.

The Commission will expect the full cooperation of each of the gas utilities in carrying out the spirit of this order.

ORDER

The Midway Gas Company, Southern California Gas Company, Los Angeles Gas and Electric Corporation and Southern Counties Gas Company, having been directed to appear before the Commission and show cause, if any they have, why an investigation should not be had into the supply and disposition of gas and why the Commission should not make such order or orders in the premises as to the Commission may seem reasonable, a hearing having been held, and it appearing that, due to the urgency of conditions, an immediate order be issued directing the general division of natural gas pending final hearing and decision,

IT IS HEREBY ORDERED, effective on and after the 12th day of December 1919, as follows:

1. Midway Gas Company shall operate its gas transmission system in the Kern County or Bakersfield district so that domestic and commercial service will be adequate insofar as Midway Gas Company can control the same.

2. Southern Counties Gas Company shall operate its gas transmission system in the Orange County and East Los Angeles County districts so that adequate domestic and commercial service will be rendered.

3. Midway Gas Company, Southern California Gas Company and Southern Counties Gas Company shall continue to distribute natural gas in those parts of their distribution systems which were, on November 15th, 1919, supplied with natural gas.

4. The service of "mixed Gas" in the City of Los Angeles and vicinity, which was in effect on November

15th, 1919 on the systems of Los Angeles Gas and Electric Corporation and Southern California Gas Company, shall be continued.

5. The "mixed gas" supplied by Los Angeles Gas and Electric Corporation and Southern California Gas Company in Los Angeles and vicinity shall contain, under standard conditions of temperature and pressure, a monthly average total heating value of not less than 815 B.T.U.s. per cubic foot. The determination of the average total heating value shall be in accordance with Rule 22 of General Order 58 of the Railroad Commission of the State of California. The maximum variation from the standard of total average heating value of mixed gas herein established shall at no time exceed 35 B.T.U.s. per cubic foot above or 55 B.T.U.s. below said average.

6. Southern California Gas Company shall supply to Southern Counties Gas Company's Long Beach district natural gas sufficient for domestic and commercial service in that district, and Southern Counties Gas Company shall increase the supply to the Los Angeles district for use of its domestic and commercial consumers in Long Beach and vicinity by discontinuing service to industrial consumers in its Eastern District as necessity demands.

7. Southern California Gas Company, Southern Counties Gas Company and Los Angeles Gas and Electric Corporation shall make use of their holder capacity insofar as practical to reduce the peak demands for gas from the transmission systems.

8. Natural gas available to Los Angeles district from the Glendale terminal and the Lynwood and Vernon terminals of Midway Gas Company shall be distributed by Midway Gas Company and Southern California Gas Company as follows, in

the order of priority as listed:

- (a) Requirements of Southern Counties Gas Company's Long Beach district for domestic and commercial purposes; Southern California Gas Company for direct natural gas service where formerly supplied; Southern California Gas Company for mixing purposes sufficient to comply with the requirements set forth hereinabove, based upon artificial gas of not less than 570 B.T.U. per cubic foot; Los Angeles Gas and Electric Corporation for mixing purposes sufficient to comply with the requirements set forth hereinabove for mixed gas based upon artificial gas of not less than 570 B.T.U. per cubic foot.
- (b) Requirements of Class "A" industrial consumers of Southern California Gas Company where gas is essential to operation.
- (c) Requirements of Class "B" industrial consumers of Southern California Gas Company where gas is essential to operation.
- (d) Requirements of Class "C" industrial consumers of Southern California Gas Company and Southern Counties Gas Company where gas fuel is absolutely essential.
- (e) Requirements of Southern California Gas Company for reforming purposes and gas plant use.
- (f) Requirements of Los Angeles Gas and Electric Corporation for reforming purposes.

It is further ordered and for the purposes stated in the opinion that

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be and they are hereby made parties to this proceeding.

The foregoing Opinion and Order are 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

11th day of December, 1919.

Edwin C. Egan
W. H. Loveland
James P. Dwyer



Commissioners.