

Decision No. 8383

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA

---oOo---

In the Matter of the Service of Gas)
by MIDWAY GAS COMPANY, SOUTHERN CALI-)
FORNIA GAS COMPANY, LOS ANGELES GAS) Case No. 1390
AND ELECTRIC CORPORATION and SOUTHERN)
COUNTIES GAS COMPANY.)

Herbert J. Goudge, Paul Overton and S. W.
Guthrie, for the Los Angeles Gas and
Electric Corporation.
Leroy M. Edwards, for Southern Counties
Gas Company.
Jared How, for Midway Gas Company and Sou-
thern California Gas Company.
Charles S. Burnell and Jesse E. Stephens, 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 Ship-
building Company.
S. M. Haskins, for the Los Angeles Shipbuild-
ing 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

Further hearings in the above entitled proceeding
were held on September 28th and 29th, 1920, at which time
this Commission's engineers submitted a detailed report rela-
tive to the natural gas supply and requirements involved in

this investigation. Additional evidence was introduced by the several utilities and the City of Los Angeles and the matter was thereupon submitted for final decision. Briefs have been filed by the Los Angeles Gas and Electric Corporation and the Southern California Gas Company and Midway Gas Company, setting forth their arguments and contentions in this case.

A number of special issues have been raised in this proceeding, to which the Commission will have to give further consideration. Emergency conditions have arisen, necessitating immediate action and the carrying out of certain plans of operation. It appears advisable, therefore, to issue a further adinterim order covering certain phases of this matter which demand immediate decision pending final determination of certain basic issues of this proceeding.

The evidence indicates that with the advent of the winter period a serious gas shortage is occurring, and that adequate and proper service is not being rendered to all domestic and commercial consumers thruout the district. The supply of natural gas to the Los Angeles City Districts has not been increased since the winter of 1919-1920. An unprecedented growth of these communities has occurred, which has resulted in marked increase in demand for gas by domestic and commercial consumers and is now taxing the facilities of the several companies to the limit.

Due to the difficulties and complications encountered in the distribution and allocation of the available natural gas supply, between the several distributing companies,

it appears that the public need can best be served and the most satisfactory service rendered by the placing in direct supervision and control of the gas supply, a representative of the Commission, to act under certain definitely established rules and principles hereinafter laid down covering the division of gas between the utilities, quality of gas to be served and priority of various gas usage.

The situation demands close daily, if not hourly, supervision. Manifestly, it will be impracticable for the Commission headquarters to immediately direct all the various details from its main office. For the purpose of meeting this difficulty the Commission will provide for personal presence of a member of its engineering staff at the City of Los Angeles during the continuance of the plan herein provided for. Such engineer, representing this Commission, will be able to give prompt and authoritative direction, referring to this Commission such matters, questions and proposed policies and directions as shall be covered by his instructions.

Since the submission of this case instances of poor service have occurred, due primarily to increased demands for gas by domestic consumers as a result of the colder weather. It appears that practically no natural gas service can be rendered to industrial consumers except by the most careful supervision and distribution of the gas supply. This Commission is advised that the plan of supervision herein proposed is agreeable to the several utilities and that they will cooperate fully in order to render the best service possible.

A study has been made of the requirements of certain of the industrial gas consumers of Southern California Gas Company by a special committee which was organized at the sug-

gestion of the Los Angeles Chamber of Commerce to consider these needs, and, as a result, a proposed priority list of these consumers was submitted in evidence as representing the recommendation of this committee. It appears that some of these consumers are using gas for purposes similar to those of certain consumers of Los Angeles Gas and Electric Corporation served at the regular domestic rate. The industrial consumers now being served by Southern California Gas Company are purchasing natural gas at the industrial rate of 30 cents per thousand cubic feet.

Conditions are such that due to the shortage of gas continuous service to industrial consumers during the coming three or four months can only be had at the expense of a greater manufacture of artificial gas for mixing purposes as the supply is not sufficient to continue this service and render full service for domestic and commercial purposes during the better part of the winter period. Industrial consumers on Southern California Gas Company's system and Southern Counties Gas Company's Long Beach district to whom preference is to be given at this time should, in fairness, be required to pay rates more commensurate with the cost of service. This Commission must conclude that such industrial consumers of the Southern California Gas Company, Southern Counties Gas Company's Long Beach district and Los Angeles Gas and Electric Corporation who are to have continued service should be treated alike in so far as practicable.

Only such industrial consumers whose processes necessitate gas fuel and whose demands are limited, may, with the approval of this Commission, be placed upon the special industrial schedule hereinafter set forth and given greater

preference. It may not be possible to always guarantee these consumers uninterrupted service during periods of critical gas shortage, and at such times they will be required to curtail their usage in favor of general domestic and commercial consumers. Large industrial users must be refused service even if willing to pay the higher rates during the coming winter in order to protect domestic service which must not be jeopardized. All industrial consumers served in the Los Angeles district and in the Eastern District of Southern Counties Gas Company will be expected to cooperate with the Commission's representative who will supervise the Companies' operations.

Los Angeles Gas and Electric Corporation will be required to reclassify its consumers to conform to the requirement of the industrial schedule hereinafter set forth.

It appears from the evidence herein that it will be difficult, if not impossible, for the gas companies supplying Los Angeles to continue to furnish gas of an average heat content of 815 B.T.U. per cubic foot during the winter months. It is desirable that the companies maintain as high a heat standard as possible, and, for that reason, it does not appear advisable to authorize a definite reduction in heat content at this time, it being understood, however, that the Commission's representative, who is herein directed to act for the Commission in the supervision of the gas supply on the companies' systems, shall allow such reduction as may be found necessary, subject to approval by the Commission.

Conditions in the Eastern Los Angeles County and in the Orange County district served by Southern Counties Gas Company are such that special care must be had to prevent very serious shortages during periods of severe weather conditions.

I recommend the following form of Order:

O R D E R

Further hearing having been held in the above entitled proceeding and it appearing that certain modifications in the previous order of this Commission, Decision No. 7105, dated February 9th, 1920, as extended by decision dated March 2nd, 1920, should be made at this time without finally passing on the entire case, and it appearing that the interests of the territory supplied by Midway Gas Company, Southern California Gas Company, Los Angeles Gas and Electric Corporation and Southern Counties Gas Company can best be served by direct supervision by the Commission, thru its representative, of the general division and allocation of gas between the various utilities and their consumers,

IT IS HEREBY ORDERED, effective on and after the 29th day of November, 1920, as follows:

Section 5 of the order in Decision No. 7105 is hereby modified to read as follows:

"The mixed gas supplied by the 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, an average total heat value of not less than 815 B.T.U. per cubic foot except when it shall be determined necessary by the Commission's representative, approved by this Commission, that a lower heat content shall be supplied. 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 average total heating standard of mixed gas herein established shall at no time be greater than shall be found necessary under the conditions existing."

Section 6 of the order in Decision No. 7105 is hereby modified to read as follows:

"Southern California Gas Company shall supply natural gas to Southern Counties Gas Company's Long Beach district in accordance with the contract between Southern California Gas Company and Southern Counties Gas Company dated August 1st, 1920."

Section 8 of the order in Decision No. 7105 is hereby modified to read as follows:

"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 to extent required and as limited by contract between Southern California Gas Company and Southern Counties Gas Company dated August 1st, 1920, and requirements of Southern California Gas Company for direct natural gas service for domestic and commercial purposes where formerly supplied.

(b) Requirements of Southern California Gas Company and Los Angeles Gas and Electric Corporation for mixing purposes sufficient to comply with the requirements set forth herein, based upon artificial gas varying from 500 B.T.U. per cubic foot to 600 B.T.U. per cubic foot, dependent upon sendout requirements.

(c) Requirements of industrial consumers, approved by the Commission thru its representative, served by Southern California Gas Company, Southern Counties Gas Company in its Long Beach district and

Los Angeles Gas and Electric Corporation, where gas fuel is essential to continued operation, subject to such modification as may be found necessary from time to time upon the report of the ~~Commission's~~ Commission's representative ~~or~~ or as provided hereinbefore.

B. O. K. 12/2/20

(d) Requirements of Southern California Gas Company for reforming and gas plant operation and sale."

Section 3 of the third subdivision of the order in Decision No. 7105 is hereby withdrawn.

Section 4 of subdivision 3 of the order in Decision No. 7105 is hereby modified to read:

"Industrial consumers continuing the use of gas under the classification of part (c) of Sec. 8 on Southern California Gas Company's system shall pay for such gas, based on all service rendered on and after December 1st, 1920, the following rate:

Class "A" Industrial Service (Limited)

Applicable to service of natural gas for industrial purposes where gas is essential to continued operation, such as metal working processes, glass manufacturing, special tile manufacture and preparation of food products.

Rate:

Readiness-to-Serve Charge:

\$15.00 per Meter per Month

plus

Consumption Charge:

40¢ per 1000 cu.ft. delivered.

Special Conditions:

1. Service under this schedule will be granted during the winter period subject to approval by the Railroad Commission of the State of California.

2. Service under this schedule has priority over other industrial service but is subject to discontinuance in case of necessity in favor of domestic and commercial service.

Industrial consumers continuing the use of gas under the classification of part (c) of Sec. 8 on Los Angeles Gas and Electric Corporation's system shall pay for such gas, based on all service rendered on and after December 1st, 1920, the following rates:

Class "A" Industrial Service (Limited)

Applicable to the service of mixed gas for industrial purposes where gas is essential to continued operation, such as metal working processes, glass manufacturing, special tile manufacture and preparation of food products.

Rate:

Readiness-to-Serve Charge:

\$10.00 per Meter per Month

plus

Consumption Charge:

50¢ per 1000 cu.ft. delivered.

Special Conditions:

1. Service under this schedule will be granted during the winter period subject to approval by the Railroad

Commission of the State of California.

2. Service under this schedule has priority over other industrial service but is subject to discontinuance in case of necessity in favor of domestic and commercial service.

Industrial consumers continuing the use of gas under the classification of part (c) of Sec. 8 on Southern Counties Gas Company's system shall pay for such gas, based on all service rendered on and after December 1st, 1920, the following rate:

Class "A" Industrial Service (Limited)

Applicable to service of natural gas for industrial purposes where gas is essential to continued operation, such as metal working processes, glass manufacturing, special tile manufacture and preparation of food products.

Rate:

Readiness-to-Serve Charge:

\$15.00 per Meter per Month

plus

Consumption Charge:

40¢ per 1000 cu.ft. delivered.

Special Conditions:

1. Service under this schedule will be granted during the winter period subject to approval by the Railroad Commission of the State of California.

2. Service under this schedule has priority over

other industrial service but is subject to discontinuance in case of necessity in favor of domestic and commercial service.

IT IS HEREBY FURTHER ORDERED that Los Angeles Gas and Electric Corporation reclassify its consumers, listing thereunder all consumers using gas for industrial purposes as described under Sec. 8, part (c) hereof, and as prescribed under schedule for industrial service under Sec. 4 of subdivision 3 heretofore set forth.

IT IS HEREBY FURTHER ORDERED that all portions of the order in Decision No. 7105 not herein modified and not at variance with the purpose and intent of this order are continued in effect.

The following public utilities are the companies affected by and subject to the provisions hereof.

Midway Gas Company

Southern California Gas Company

Los Angeles Gas and Electric Corporation

Southern Counties Gas Company.

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

27th day of November, 1920.

Edwin O. Egerton
H. D. Woodland
Frank R. White
H. R. Boudin
James Martin
Commissioners