

A copy of Ordinance No. 148 of the County of Yolo, marked Exhibit "A," is attached to and made a part of the application.

In Application No. 21217, applicant asks that the Commission:

1. "duly give and make its order and decision as provided by the provisions of Section 50 of the Public Utilities Act of the State of California, granting and conferring upon applicant all necessary permission and authority to construct, complete, operate and maintain the pipeline project described in the application herein; declaring that public convenience and necessity now require the construction by applicant of the pipe lines and project mentioned and described in the body of the application, including the installation of mains, services, meters, odorizing equipment, transmission structures and distribution station and communication equipment, and the use by it of all lands and the exercise of all permits, easements and franchises which may be used or useful in connection with said proposed project; and issuing to applicant a certificate declaring that the present and future public convenience and necessity require or will require that such work be done and such construction be made by applicant;
2. "grant and confer upon applicant all necessary permission and authority, upon the completion and placing in operation of its said proposed pipe line project:
 - (a) to withdraw and cancel its present filed Rule and Regulation No. 2 (Revised Sheet CRC No. 539-G) and to file and make effective in lieu thereof the revised Rule and Regulation No. 2 annexed to the application herein as Exhibit "B"; and
 - (b) to withdraw and cancel the following listed filed schedules of gas rates and charges, namely:

<u>Schedule</u>	<u>Revised Sheet CRC No.</u>
G-7	488-G
GD-7	499-G
GE-7	515-G
GS-7	508-G
G-10	490-G
GD-10	501-G
GH-10	516-G
GS-10	509-G
G-40	493-G

and to file and make effective in lieu thereof the revised and modified schedules annexed hereto and marked Exhibit "C" and the new schedules of gas rates and charges annexed hereto and marked Exhibit "D".

Public hearing on these matters was held before Commissioner Wakefield at San Francisco, California, on June 8, 1937, at which time they were consolidated for purposes of hearing. No one appeared to oppose or protest the granting of the applications.

Witnesses for applicant testified that the demand for natural gas on applicant's system has increased to such an extent that additional facilities and sources of gas supply are now necessary; that in June, 1936, Amerada Petroleum Corporation discovered a new dry gas field located just west of the Town of Rio Vista, Solano County, in which said corporation has now completed eight producing gas wells and Standard Oil Company of California has completed one producing gas well; that careful investigation made of this field indicates that it contains in excess of two hundred billion cubic feet of dry natural gas having a heat content of approximately 1038 British thermal units per cubic foot; that applicant has executed a purchase contract with Amerada Petroleum Corporation whereunder applicant agrees to purchase not less than ten billion, nine hundred fifty million cubic feet of said gas over a period of three years; that in order to utilize said gas in applicant's system applicant proposes to install a 12" steel transmission line approximately 5-3/4 miles in length in a northerly direction from said Rio Vista Field to a point due south of the Town of Dixon and due east of the cities of Fairfield and Suisun, and to install a 10" steel line from said point in a westerly direction a distance of approximately 26 miles to a point in Napa County near the Napa "Y" junction on the State Highway, where said pipe will connect with applicant's existing 12" line running between the cities of Vallejo and Petaluma; and to extend a second 10" steel line from the point where the above-mentioned 12" line terminates due south of the Town of Dixon, in a northerly direction a distance of approximately 14 1/2 miles to a point due east of the Town of Dixon, where it will connect with applicant's

existing 6" line running between the cities of Dixon and Davis; and further, to install an 8" line a distance of approximately 12 miles in a northerly direction from the junction of applicant's existing 8" and 6" Davis-Dixon mains at Davis in Yolo County to a point about two miles north of the City of Woodland in Yolo County at the premises of the beet sugar refinery of the Spreckels Sugar Company now under construction, all of these lines being delineated upon a map marked Exhibit "A" attached to and made a part of Application No. 21217; it is understood that in addition to said lines applicant proposes to install all necessary structures, mains, services, metering, regulating, odorizing and communication equipment, together with an adequate number of recording calorimeters so that a complete and continuous record will be kept of the volume of said gas received and distributed and of the heating value thereof; that applicant contemplates utilizing said Rio Vista gas for the purpose of regularly serving its customers located in its North Bay Division, with the exception of the City of Vallejo and the Town of Benicia and customers supplied or to be supplied from its existing Vallejo-Benicia line and from its existing Vallejo-Napa line south of the Napa "Y" junction on the State Highway, and in that portion of its Sacramento Division lying west of the Sacramento River and now supplied from applicant's Sacramento-Woodland-Davis lines; also to supply Rio Vista gas to the plant of the Spreckels Sugar Company north of the City of Woodland, Yolo County; and also at times of peak demand to use Rio Vista gas to supplement the natural gas distributed to applicant's customers situated in the cities of Sacramento, North Sacramento and Roseville, and such other areas as operating or other conditions may necessitate or warrant; that applicant estimates that it will be necessary to readjust approximately ten per cent of the gas appliances in the area affected at a cost of approximately \$8,400.00, which expense will be borne by applicant.

Witnesses for applicant testified that the total construction cost of this project is estimated to be \$922,278.00 and that said cost

will be financed out of its income and from funds in its treasury not obtained from the issue of stock, bonds, notes or other evidences of indebtedness and/or from such funds as it may obtain from the issue of such stock, bonds, notes or other evidences of indebtedness as the Railroad Commission of the State of California shall hereafter, upon proper application, authorize for that purpose.

Witnesses for applicant further testified that the new gas transmission lines involved in this project will be constructed in part on private rights of way and in part on the public highways, streets or roads of the counties of Napa, Solano and Yolo; that applicant possesses general county franchises in the counties of Napa and Solano, same being granted by Ordinances Nos. 120 and 105 of said respective counties and the exercise of which were authorized by this Commission by its Decision No. 13979 dated August 27, 1924, and Decision No. 13980 dated August 28, 1924, respectively; that the exercise of the rights, privilege and franchise granted to applicant by Ordinance No. 148 of the County of Yolo, as prayed for in Application No. 21200 herein involved, is necessary for the construction by applicant of a portion of the aforementioned natural gas project.

In Application No. 21200 applicant alleges that no person, firm or corporation other than applicant is now engaged in the public utility business of furnishing, distributing or selling gas for heat, light or other lawful purposes to residents or inhabitants of the County of Yolo and stipulates that applicant, its successors or assigns, will never claim before the Commission or before any court or public body, any value for the franchise granted by said Ordinance No. 148 of the County of Yolo in excess of the actual cost thereof, said cost being two hundred eighty dollars (\$280.00), exclusive of the fifty dollar (\$50.00) filing fee paid to the Commission.

Applicant further alleges that its proposed project of new construction and service will not compete with any other person, firm or corporation now engaged in the business of furnishing and supplying gas to the public and that the only person, firm or corporation now

engaged in said business is the Natural Gas Corporation of California, which furnishes and distributes butane air gas to its customers in the Town of Rio Vista and the cities of Fairfield, Suisun and Vacaville, Solano County; and applicant alleges that the certificate herein sought is not for the purpose of authorizing applicant to compete with any person, firm or corporation now engaged in the business of supplying gas service to the public for compensation.

Applicant alleges that public convenience and necessity require and will require the construction of the aforementioned project for the following reasons:

The use of Rio Vista gas in the areas hereinbefore mentioned by means of said proposed project, in lieu of or as a supplement to natural gas presently obtained from Kettleman Hills and other gas fields, will increase the delivery capacity of applicant's natural gas transmission facilities, better enable applicant to carry the peak demands of its existing system, afford a duplicate source of natural gas supply for the northern portion of applicant's natural gas system and postpone the construction and installation of additional transmission mains and facilities in the southern portion of applicant's said system; the construction of said project will tie applicant's natural gas system into and make available to it a new and additional source of natural gas supply, will provide a market therefor, will result in the conservation of natural gas in other areas, will enable applicant to hereafter furnish gas service to areas and customers not heretofore supplied with natural gas and will increase applicant's natural gas sales.

In Exhibits "B," "C" and "D," attached to Application No. 21217, applicant has submitted proposed revisions of its Rule and Regulation No. 2, Character of Gas Service; revised natural gas schedules G-7 and G-10, General Service; G-40, Firm Industrial Service; GD-7 and GD-10, Domestic Service; GH-4(a) and GH-7, Commercial Building Heating Service, and GS-4, Surplus Natural Gas Service, and new schedules

G-8 and G-12, General Service; G-41, Firm Industrial Service; GD-8 and GD-12, Domestic Service; GE-8, GE-12 and GE-13, Commercial Building Heating Service and GS-8, GS-12, GS-13 and GS-14 to be effective in the area to be served with Rio Vista gas. Witnesses for applicant testified that the making effective of said proposed new schedules will not result in any increase in the actual rates or charges to applicant's customers for natural gas service, but on the contrary, said proposed rates and charges are reduced on the average by the percentage that the specified heating value is reduced in Rule and Regulation No. 2, namely from 1100-1200 to 1000-1100 B.t.u. per cubic foot; and that said new schedules for general and domestic service will effect a further reduction in annual revenue amounting to approximately \$92,000.00 per year.

The question of the propriety of authorizing the exercise of franchise rights in territory not now served nor likely to be served in the immediate future is involved in this proceeding, as well as in a number of similar applications now pending. The Commission will not rule on that question at this time but will hold same in abeyance for further consideration.

It does appear, however, that public convenience and necessity require that applicant be authorized to construct its proposed natural gas project as hereinbefore described and to exercise all permits, easements and franchises which may be used or useful in connection with said proposed project, in so far as such exercise is necessary for the construction, completion, operation and maintenance of same.

It further appears necessary that an accurate and continuous record be kept of the quantity of Rio Vista gas that is distributed, the areas to which it is distributed and the heating value of the gas delivered to the customers in said areas.

IT IS THEREFORE ORDERED:

1. That public convenience and necessity require and will require the exercise by Pacific Gas and Electric Company of the right, privilege and franchise granted to it by Ordinance No. 148 of the County of Yolo, State of California, in so far

as such exercise is necessary for the construction, completion, operation and maintenance of the proposed natural gas project in the foregoing opinion described.

2. That public convenience and necessity require and will require the construction, completion, operation and maintenance by Pacific Gas and Electric Company of the proposed natural gas project described in the foregoing opinion and the use by it of all lands and the exercise by it of all permits, easements and franchises which may be used or useful in connection with said proposed project, in so far as such exercise is necessary for the construction, completion, operation and maintenance of said project.
3. That upon the completion and placing in operation of the proposed natural gas project hereinbefore described, Pacific Gas and Electric Company be and it is hereby authorized:
 - (a) To withdraw and cancel its present filed Rule and Regulation No. 2 (Revised Sheet CRC No. 539-G) and to file and make effective in lieu thereof the revised Rule and Regulation No. 2 annexed to Application No. 21217 as Exhibit "B," and
 - (b) to withdraw and cancel the following listed filed schedules of gas rates and charges, namely:

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GH-10	516-G
GS-10	509-G
G-40	493-G

and to file and make effective in lieu thereof the revised and modified schedules annexed to Application No. 21217 and marked Exhibit "C" and the new schedules of gas rates and charges annexed to said application and marked Exhibit "D", said filing to be made not less than fifteen (15) days prior to the effective date thereof.

4. That Pacific Gas and Electric Company shall maintain an accurate and continuous record of the quantity of Rio Vista gas distributed, the areas in which same is distributed and the heating value of the gas delivered to the customers in said areas.

5. That Pacific Gas and Electric Company shall not, without an order from the Commission authorizing it so to do, render gas service in the cities, towns or areas now being served by Natural Gas Corporation of California.

The effective date of this order is the date hereof.

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 21st day of June, 1937.

William H. ...
Leon ...
David R. ...
Raymond ...
Ray L. Riley
Commissioners.