

Decision No. \_\_\_\_\_

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Railroad Commission issuing to applicant a certificate declaring that the present and future public convenience and necessity require or will require the construction, operation, maintenance and use of the high pressure natural gas transmission mains and facilities, etc., herein referred to.

Application No. 23640.

ORIGINAL

R. W. DuVal for Pacific Gas and Electric Company, Applicant.

RILEY, COMMISSIONER:

O P I N I O N

In Application No. 23640 and the supplement thereto, the Pacific Gas and Electric Company petitions for an order of the Railroad Commission:

1. Granting and conferring upon Applicant, as provided for by the provisions of Section 50 of the Public Utilities Act of the State of California, all necessary permission and authority to construct, complete, operate and maintain the gas transmission main described in the body of this application, declaring that public convenience and necessity now require and will require the construction by Applicant of said gas main, including the installation of necessary meters, regulators and odorizing equipment and mixing 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 the construction, operation and maintenance of said main and the transmission, distribution and sale of natural gas by means thereof; 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 your Applicant;

2. Granting and conferring upon Applicant all necessary permission and authority to carry into effect its plan of furnishing and supplying to its customers in the City of Isleton and territory contiguous thereto, natural gas to be obtained from the east Rio Vista gas field in lieu of the butane air gas now supplied to said customers, and to charge and collect from its customers in said City of Isleton and immediately contiguous territory for natural gas service, effective on regular monthly meter readings taken on or after the fifteenth day following commencement of such natural gas service, the rates and charges set forth and contained in Applicant's filed Schedule G-8 (Revised Sheet C.R.C. No. 853-G);

3. Following the commencement of natural gas service in the City of Isleton and concurrently with the making effective of the rates and charges contained in Applicant's Schedule G-8 to withdraw and cancel its presently filed gas Schedule G-70 (Original Sheet C.R.C. No. 594-G), now applicable to the service of butane air gas in said City of Isleton and contiguous suburbs;

4. To withdraw and cancel page 1 of its present filed Rule and Regulation No. 2 (Revised Sheet C.R.C. No. 860-G) and file and make effective in lieu thereof that portion of its revised Rule and Regulation No. 2 set forth and contained in Exhibit No. 6 filed at the hearing of Application No. 23640.

5. To amortize over a five year period commencing with the second year of natural gas service the historical cost (less accrued depreciation and recoverable salvage) of the butane air mixing equipment and incidental facilities located in or adjacent to the City of Isleton, which will be rendered non-operative by the introduction of natural gas service in said City of Isleton and adjacent territory.

A public hearing was held before Commissioner Riley, in the community of Rio Vista, on Monday, September 16, 1940, at which time the matter was submitted for decision.

Witnesses for the Applicant stated that the extent of the Rio Vista gas field, as originally presented in Application No. 21200, had been materially expanded by exploration,

particularly by discovery of natural gas, in July 1938, in Sacramento County east of the Sacramento River and that to date four productive gas wells have been drilled, justifying the conclusion that this new field east of the Sacramento River is but a continuation of the original Rio Vista field west of the Sacramento River and, accordingly, will insure a very substantial supply of natural gas. The record also shows that the heat content of the gas in these four wells in the east Rio Vista field is substantially the same as that produced in west Rio Vista, namely, a gas of approximately 1040 B.t.u. per cubic foot, dry basis.

In order to utilize the gas supply made available from the east Rio Vista field, the record shows that Applicant proposes to construct, operate and maintain a gas transmission line, approximately 17.6 miles in length and 12 inches in diameter, with the necessary collecting system, meters, regulators and other devices, and extending to the Applicant's existing 16-inch transmission line No. 106 (all in accordance with locations shown on Exhibit No. 4 introduced at the hearing), which latter line now carries gas from the southern fields north to Sacramento. The capital expenditure involved in the construction of this project is estimated at \$415,200.

The evidence further shows that part of the line will be built on private right-of-way and part on public highways, streets or roads in the counties of Sacramento and San Joaquin, in which counties the Applicant holds the necessary franchise rights to occupy public streets and highways.

In the use of the gas from this project, Applicant submits that it intends, at the present time, to mix a portion of this 1040 B.t.u. gas with the higher 1150-1200 B.t.u. gas from the south in its 16-inch transmission line No. 108, so as to augment the gas supply necessary to serve its load along said No. 108 transmission line and its terminus at Sacramento; however, in so doing it will not permit the heat content of the mixed gas to fall below the 1100 B.t.u. now required in accordance with its filed Rule and Regulation No. 2.

Applicant likewise proposes to serve new customers along the transmission line to be constructed, as well as to convert and cut over to natural gas service those customers now served by Applicant in the City of Isleton, which customers are now receiving from it a butane air gas of approximately 560 B.t.u. In this latter respect, Applicant points out it will be necessary to adjust existing gas appliances so that they will burn satisfactorily the higher heat content natural gas and, in order to accomplish this, it is estimated that the cost will approximate \$1,000, which amount the Applicant proposes to charge entirely as an operating cost and at no cost to these customers.

The record further shows that at the present time customers receiving butane air gas service in Isleton are charged in accordance with Applicant's filed rates, under Schedule G-70. It is Applicant's proposal that the said G-70 schedule be withdrawn and in its place the customers in Isleton be billed under Applicant's present schedule for natural gas service in other areas similar to Isleton in the North Bay area and designated as Schedule G-8. Witness for Applicant testified that if such

billings for natural gas service in Isleton under Schedule G-8 were made, then the consumers would receive reductions, taking into consideration the difference in heating value, of amounts ranging generally from 16 to 50 per cent.

In justification of the proposals herein reviewed, Applicant points out that the tapping of the east Rio Vista field will make available a new source of gas supply to its system and, as a result, it will be better able to adequately take care of its customers' growing gas demands and to operate its production and transmission facilities to the best advantage and at the minimum cost. Said project likewise will serve an area and customers which heretofore have not been supplied with natural gas.

I am of the opinion that the matters prayed for by Applicant are to the interest of its consumers and to the public generally and that the application should be granted. However, in reaching this conclusion, it is done with the thought that the Applicant will exercise strict control of the gas taken from the east Rio Vista field to the end that its records will always reveal the amount of gas supplied to its general transmission system and the resulting heat content of the mixed gas will be within the limits as prescribed by Rule and Regulation No. 2.

#### O R D E R

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be granted the necessary certificate of public convenience and necessity to exercise its franchise rights now held in Sacramento and San Joaquin Counties, to construct, operate, maintain and to render service from the gas transmission project

discussed in the foregoing Opinion, in so far as the same is necessary.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company shall, upon completion of said natural gas project, cease serving its customers in the city of Isleton and territory contiguous thereto with butane air gas and to supply such customers with natural gas obtained from the east Rio Vista gas field and to charge for such natural gas, beginning fifteen (15) days after the actual date of change, the rates under Applicant's Schedule C-8.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company is authorized;

1. To withdraw and cancel the first page of its presently filed Rule and Regulation No. 2 and to file and make effective in lieu thereof a similar section of Rule and Regulation No. 2 to correct for the Isleton territorial change and as submitted at the hearing and marked Exhibit No. 6.
2. To withdraw and cancel its presently effective rate Schedule C-70 and to file in lieu thereof Schedule C-8, with the necessary territorial revisions to include the Isleton service area.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company may amortize, over a five (5) year period, commencing with the first year of natural gas service, that part of its original investment for that butane air mixing equipment and incidental facilities in Isleton which will be rendered non-operative, due to the introduction of natural gas, and which may not now be fully recovered through the provisions made for depreciation.

Except as otherwise provided herein, the effective date of this Order is the date hereof.

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

Dated at San Francisco, California, this 1st day of October, 1940.

Ray R. Rice  
James R. Slavin  
Raymond W. Bradford  
M. J. Kelly  
Justus J. Casimer  
Commissioners.