

Decision No. 38393

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY for an order of the Railroad Commission granting and conferring upon applicant all necessary permission and authority (including certificates of public convenience and necessity) essential to the carrying to completion of a project and plan involving, among other things, the installation, use and maintenance of gas transmission mains, meter and control stations and related facilities, and the rearrangement and use of existing and proposed natural gas transmission facilities.

Application No. 24967

R. W. DuVal, Attorney, for Pacific Gas and Electric Company.
Felix T. Smith, Attorney, for Standard Oil Company of California.

RILEY, COMMISSIONER:

O P I N I O N

This is an application of the Pacific Gas and Electric Company in which authority is sought to carry to completion a project and plan involving the construction and use of certain gas transmission facilities and the authorization of certain agreements which will provide both for the disposal and for the acquisition of interest in gas transmission facilities by Applicant.

A hearing was held in the Commission court room on Friday, May 15, 1942, at which time evidence was taken and the matter submitted for decision.

The record shows clearly that the principal changes here involved are occasioned by the war requirements and because of

these it appears unnecessary that the proposals with their resulting effects be treated in detail. The record made at the hearing is quite complete and especially so as it relates to the physical changes contemplated. In all, eight exhibits were introduced.

The application and record before the Commission, in substance and in brief, show:

1. That the main gas trunk line from the Kettleman Hills Field, transversing the Valley to the East Bay area and commonly known as "Stanpac" and operated by the Standard Pacific Gas Line Incorporated,⁽¹⁾ is to be leased to the Standard Oil Company of California to the extent and in the manner set forth in the agreement covering the same.
2. That one-half the carrying capacity of a new gas line, which Standard Pacific Gas Line Incorporated is acquiring and constructing, from the Rio Vista Gas Fields, will be made available to the Pacific Gas and Electric Company under a written agreement supplementing that of March 20, 1930. (This latter agreement was submitted in Application No. 16422 and is covered in the Commission's Decision No. 22429 dated May 14, 1930.)
3. That Pacific Gas and Electric Company, itself, proposes to construct a new gas line from the Rio Vista Field, tying into its transmission system in the vicinity of

(1) A pipe line company in which Pacific Gas and Electric Company has a fifty (50) per cent interest and control.

Livermore. In this respect, Applicant requests all the necessary authority to so proceed, including a certificate of public convenience and necessity.

4. That because of the principal changes hereinbefore set forth, it will be necessary to lay lesser sections of transmission lines and to install other gas facilities in order that no presently served customers will be without gas service.

It thus appears from the record that if Standard Pacific Gas Line Incorporated leases the "Stanpac" line, then Applicant, in order to replace the loss in carrying capacity, proposes, first, to make an additional investment in Standard Pacific Gas Line Incorporated so it may have the exclusive right to one-half of the carrying capacity of the new gas line as outlined in paragraph 2 above and to itself construct a new gas line as heretofore described.

The original and basic pipe line agreements between Pacific Gas and Electric Company, Standard Oil Company of California and Standard Pacific Gas Line Incorporated date back to 1930 when Applicant was authorized, by Decision No. 22429 dated May 14, 1930, to enter into and perform the covenants of said agreements. It appears necessary that essentially the same working agreements be extended to cover the new Standard Pacific gas line, in which Applicant proposes to acquire the right to use one-half of the carrying capacity.

Applicant has again stipulated, as in the 1930 proceeding, that its investment, through Standard Pacific Gas Line Incorporated for its interest in the pipe line project, may be treated as a public utility enterprise as though Applicant itself had performed the work and operated the line; and, further, as in the

original Decision No. 22429, the Commission, in my opinion, is obligated to maintain control as to the reasonableness of all costs that may affect utility service and that may result from the carrying out of the agreements herein proposed.

Mr. W. G. Vincent, Vice President and Executive Engineer for Applicant, and other witnesses testified as to the physical nature of the changes proposed, as well as to the effect upon Applicant and its customers from the financial aspect.

From this testimony I conclude that the application should be granted under the conditions heretofore discussed, inasmuch as the resulting gas transmission system will afford a more adequate gas supply than now is available and, further, it is believed that the resulting costs to Applicant will not be changed materially and, further, because the authorization is to the interest of our country.

I recommend the following form of order:

O R D E R

The Commission having considered the application of Pacific Gas and Electric Company, and the evidence presented in support thereof, and good cause appearing;

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be and hereby is authorized to give its consent to a temporary lease by Standard Pacific Gas Line Incorporated to Standard Oil Company of California of certain jointly used natural gas line and facilities, said lease agreement being introduced in evidence in this application proceeding as Exhibit No. 4, and also as supplemented by Exhibits Nos. 5 and 6.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company be and hereby is authorized to participate in the joint ownership, use and control of a new natural gas transmission line and facilities between the Rio Vista gas field and Los Medanos, said transmission line and facilities to be owned by Standard Pacific Gas Line Incorporated and to be subject to all applicable provisions of the agreements made between Pacific Gas and Electric Company, Standard Oil Company of California and Standard Pacific Gas Line Incorporated authorized by the Commission in Decision No. 22429, May 14, 1930, in Application No. 16422, except as said agreements are supplemented and modified by the terms of the amending agreement introduced as evidence in this proceeding as Exhibit No. 7, to the continuing control of this Commission as expressed in the opinion preceding this order.

IT IS FURTHER ORDERED, it being found as a fact that public convenience and necessity so require, that a certificate be and hereby is granted to Pacific Gas and Electric Company to construct and operate as a public utility facility a natural gas transmission line between the Rio Vista gas field and a point near the City of Livermore, as more fully described by the exhibits and evidence introduced in this proceeding, and to exercise the special permit given by the County of Contra Costa for the installation of said gas transmission line.

The effective date of this order shall be 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 20th day
of May, 1942.

Justus F. Calver
Ray L. Riley

Richard S. Jackson
Commissioners