

Decision No. 36073.

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY for an order authorizing it to enter into a written agreement with GLADDING McBEAN & CO. relating, among other things, to the sale by the former and purchase by the latter of natural gas for use in its plant located at Lincoln, Placer County, California; and issuing to applicant a certificate of public convenience and necessity to construct, install, operate and maintain natural gas mains and related facilities herein mentioned.

ORIGINAL

Application No. 25420

BY THE COMMISSION:

OPINION AND ORDER

In this application Pacific Gas and Electric Company, a corporation, (herein referred to as Pacific) requests authority to enter into a written agreement with Gladding McBean and Company, (herein referred to as Customer) embodying the installation of gas transmission mains for the purpose of conveying natural gas to a manufacturing plant of Customer at Lincoln, California, and the sale of surplus natural gas by "Pacific" to "Customer" for use at said plant. Applicant also requests of the Commission a certificate of public convenience and necessity to construct, install, operate and maintain the natural gas transmission mains and related facilities essential to the above service. A copy of the proposed agreement marked Exhibit No. "A" of Exhibit No. 1 is attached to and made a part of the application.

The more important features and conditions of the agreement are as follows:

"Pacific" obligates itself to construct, operate and maintain transmission mains suitable for delivery of natural gas up to 70,000,000 cubic feet per month to be used for fuel purposes in brick, tile, pottery, kilns and dryers.

and high pressure boilers at the plant of Customer at Lincoln, California, and Customer agrees to purchase and receive as it may need the same such varying quantities of surplus gas as are available up to a like amount. For this gas Customer will pay Pacific at the rates and under conditions set forth in Schedule GS-8 of the latter, plus \$.01 per 1,000 cubic feet for all gas delivered thereunder.

The proposed agreement further provides for an annual minimum charge of \$30,000, payable at the rate of \$2,500 per month except when the actual bill for gas consumption during each month exceeds the minimum.

In addition to payment for gas delivered, Customer also agrees to pay Pacific, as further consideration for the installation of the new transmission mains, the sum of \$12,000 payable in 24 equal installments, \$500 on the date the new mains are completed and \$500 on the corresponding date of each of the following 23 months.

The term of the proposed agreement begins at the time the transmission mains are completed and will continue five years thereafter. The presently effective contract for purchase and sale of gas entered into by Customer and Pacific dated October 14, 1941, authorized by the Commission in Decision No. 34654 will be superseded by the new agreement.

As required by the Commission's General Order No. 53 the proposed new agreement contains the provision that it shall at all times be subject to such changes or modifications as the Commission may direct.

To permit construction of the extensions to its natural gas transmission system required for service of surplus natural gas to Customer, Pacific seeks an order of the Commission granting to it a certificate declaring that present and/or future public convenience and necessity require the construction, operation and maintenance of the proposed addition to its natural gas system and the exercise by it of all permits, easements and franchises which may be used or useful in connection therewith.

The proposed additions to the natural gas system of applicant are briefly described as follows:

- (1) A 12-inch high pressure transmission main to be installed from a point on the existing Sacramento-Roseville gas transmission main near Antelope, Sacramento County, to extend in a northerly direction 72,500 feet (13.6 miles) to a point due west of the City of Lincoln connecting to an existing 8-inch main emanating from the City of Marysville and from which point there extends a six-inch high pressure main to the City of Lincoln.
- (2) A 12-inch high pressure transmission main to be installed from a point on the existing Sacramento-Roseville gas transmission main to extend in a northeasterly and easterly direction a distance of 19,000 feet (3.6 miles) to a point on Del Paso Boulevard and connecting with the 6-inch North Sacramento-Roseville gas transmission main.

The above interconnecting mains will enable Pacific to make natural gas available in quantities sufficient to supply Customer's presently contemplated needs and augment Pacific's natural gas supply to the cities of Marysville, Lincoln, Colusa, Chico and Oroville, at this time solely dependent upon the Marysville Butte gas field as a source of supply. Gas from Marysville Butte Field has proved to be inadequate to meet the Company's requirements in the above cities. Construction of the proposed mains will also connect the transmission system of Colgate and DeSabra divisions to another source of supply thereby further assuring continuity of gas service to customers of the area in periods of emergency.

The said proposed new gas transmission mains will be constructed on private rights of way and on public highways, roads and streets of Sacramento and Placer Counties in which "Pacific" is possessed and owns all necessary rights of way and franchises to enable it to construct, operate and maintain the proposed gas transmission mains for the purposes of supplying gas to the public.

The estimated cost of the new gas mains is two hundred twenty-three thousand, five hundred, sixty-one dollars (\$223,561.00) consisting of:

Landed Capital (North Sacramento)	\$ 3,300
72,500 feet of 12-3/4 inch O.D. wrapped main installed between Antelope and Lincoln	141,375
19,000 feet of 12-3/4 inch O.D. wrapped main installed in North Sacramento area	42,750
Antelope meter station	3,800
District Regulators	1,500
Overhead Construction Costs	<u>30,836</u>
Total Cost	\$223,561

The estimated annual usage of natural gas by Customer to its plant at Lincoln is in the amount of 750,000 M.c.f., the sale of which will yield Pacific approximately \$117,000 per year of gross revenue. In addition to the revenue obtained from sale of gas to Customer, Pacific expects to increase its annual gross income by not less than \$53,000 from gas sales to other customers in its Colgate and DeSable divisions as a result of the construction of the proposed gas transmission mains.

Based upon the facts and representations made and being well informed on the gas situation generally, the Commission is of the opinion that the request of the applicant should be granted, and that a public hearing in the matter is unnecessary, and good cause appearing,

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that certain agreement with Gladding McBean and Company set forth in Exhibit "A" of Exhibit No. 1 attached to the application and to consummate said proposed agreement in accordance with the terms and conditions thereof, and to make the charges specified for the gas service that is rendered.

IT APPEARING AND BEING FOUND AS FACT that public convenience and necessity so require,

IT IS FURTHER ORDERED that a certificate of public convenience and necessity be granted to the Pacific Gas and Electric Company to construct, install, operate, use and maintain the natural gas transmission mains and related facilities

described in the application, provided that no claim of value will be made for the certificate herein granted in excess of the actual cost thereof.

The effective date of this Order shall be the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup> day of December

1942.

Justus J. Reamer  
Wm. H. Riey  
H. J. Baker  
Frank D. Havener  
Richard K. Saxe  
COMMISSIONERS