

Decision No. 36596

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
AMERICAN PIPE & STEEL CORPORATION, for
deviation from Decision Number 34797,
Case Number 4591, and deviation from
provision in Schedule S-2AB requiring
Standby Plant, effective April 26, 1943.

ORIGINAL

Application No. 25655

Roy P. Dolley, by Harry E. Templeton,
for Applicant

T. J. Reynolds and F. M. Banks for
Southern California Gas Company, Protestant

BY THE COMMISSION:

O P I N I O N

In this application American Pipe & Steel Corporation petitions the Commission for permission to be served with natural gas by Southern California Gas Company, under the applicable surplus rate schedule without the installation of adequate standby facilities.

This application arises because petitioner is seeking a deviation from the utility's filed surplus gas tariffs and this Commission's Decisions Nos. 34797 and 35455. Said surplus tariffs and Commission's decisions require, among other things, that after December 16, 1941, natural gas be supplied to new customers or to old customers for new uses, only if adequate standby equipment and fuels are provided, unless special authority to do otherwise be obtained.

A public hearing was held at Los Angeles on Thursday, July 1, 1943, before Examiner Crenshaw, at which time evidence was taken and the matter submitted for decision.

According to the record, Applicant is engaged in the business of manufacturing equipment essential to the war effort and that the facilities, consisting of forge furnaces, drying and annealing furnaces, were installed during the latter part of the year 1942, primarily for the manufacture of this war equipment.

The president of American Pipe & Steel Corporation, Mr. Jack Jane, testified that the contract between his company and the United States Army will expire December 31, 1943 and that, unless it is renewed, any auxiliary fuel burning equipment connected therewith will be dismantled and junked. Accordingly, it was his view that the expenditure of some \$15,000 for the construction of a standby fuel plant was not only uneconomical but likewise an imprudent use of critical materials. His testimony likewise shows that it was his opinion that if it became necessary to curtail or shut off the gas supply to his plant for short periods of time, his plant would be able to conform to such shutoffs. It was, accordingly, his further view that Southern California Gas Company should render gas service to his plant on a curtailable basis and in accordance with that utility's tariff S-2AB.

The record further shows that under date of December 2, 1942, the War Production Board authorized the American Pipe & Steel Corporation to receive a gas delivery of not to exceed 360,000 cubic feet in any one day. Since the Applicant is considered an essential war industry by the War Production Board, it has been placed in Group "D" by that Board in its Schedule PD-282 for curtailment. This means that the curtailment could not be enforced by the gas utility until all other customers in Groups "A" to "C," inclusive, were curtailed and shut off. In fact, it means that it is in the same class as the company's firm residential and commercial customers.

The Commission agrees with the position of the president of American Pipe & Steel Corporation as expressed in his statement that due to the probably short use of a standby fuel installation and the necessary expenditure of critical materials, it would appear unjustified to require such an installation.

The Commission, however, can not agree that under the circumstances the Applicant should be granted the privilege of taking its gas requirements under a low rate surplus gas tariff when, as a matter of fact, it appears that Applicant may not be able to conform to the shutoff provisions of that tariff. Of equal importance is the fact that there no longer exists surplus gas in southern California in excess of the requirements of present customers utilizing that type of service. Since this application was filed and, as a matter of fact, since the date of the hearing in this matter, all surplus gas tariffs of the Southern California Gas Company have been closed to new customers or to old customers for new uses.

The Commission recognizes the essential nature of Applicant's requirements for a fuel supply and will provide in the Order following that the Southern California Gas Company shall continue to render gas service to Applicant without the necessity of a standby fuel installation and in accordance with the utility's preferred essential industrial tariff PE-1A.

ORDER

A public hearing having been held in the above numbered proceeding, the matter having been submitted for decision, and the Commission being fully advised in the premises;

It Is Hereby Found As A Fact that American Pipe & Steel Corporation is not entitled to receive gas service under surplus Schedule S-2A3 or any other surplus tariff of the Southern California Gas Company, but is entitled to receive gas service on a firm basis without the installation of standby facilities and provision of auxiliary fuel; therefore

IT IS HEREBY ORDERED that Southern California Gas Company shall render gas service to American Pipe & Steel Corporation in accordance with its preferred essential industrial tariff PE-1A and to the extent of not to exceed 360,000 cubic feet per day.

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

Dated at San Francisco, California, this 7th day of September, 1943.

Francis K. Havens

H. B. K. M.

Justus F. Bauer

Richard K. K. K.

Wm. A. O. O.

Commissioners