

Decision No. 38962

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA GAS COMPANY, a)
corporation, and SOUTHERN COUNTIES)
GAS COMPANY OF CALIFORNIA, a corpora-)
tion, under Section 50 (a) of the)
Public Utilities Act of the State of)
California, as amended, for a certi-)
ficate of public convenience and)
necessity for the construction and)
operation of a natural gas pipeline)
between a point on the boundary line)
of California near Blythe, California,)
and a point at or near the City of)
Los Angeles, California.)

ORIGINAL

Suppl.
Application No. 27056

ROWELL AND ANDERSON, COMMISSIONERS:

FIRST SUPPLEMENTAL OPINION AND ORDER

O P I N I O N

Under date of February 5, 1946, Decision No. 38668 was issued authorizing Southern California Gas Company and Southern Counties Gas Company of California to construct, operate and maintain a certain proposed gas transmission line and appurtenances from a point near Blythe, on the California-Arizona boundary line, to a point near Santa Fe Springs, near the City of Los Angeles.

Under date of April 3, 1946, the two applicant utilities filed their First Supplemental Application, seeking the necessary authority to have their original application amended in three important particulars, which may be set down as follows:

1. The delivery pressure at which gas is to be received from the El Paso Natural Gas Company is to be increased from 250 pounds per square inch to

(a) 474 pounds per square inch during the first stage when the maximum contracted daily delivery is 125 million cubic feet per day, and

(b) 607 pounds per square inch during the second stage when the maximum contracted daily delivery is 175 million cubic feet per day, and

(c) 500 pounds per square inch during the third stage when the maximum contracted daily delivery shall exceed 175 million cubic feet per day.

2. The size of the gas pipe line is to be increased from a 26-inch O.D. to a 30-inch O.D. line. The length of the pipe line remains unchanged at 214 miles, but a section of the line's route has been changed so as to take a more southerly direction in order to by-pass some of the more congested urban areas in the section near the City of Riverside.

3. The purchase contract rate with the El Paso Natural Gas Company has been increased through amended letter agreements:

(a) The first such letter agreement under date of February 6, 1946, provides for an increase in the payment by applicants to the El Paso Natural Gas Company in the amount of \$250,000 per annum for the increase in delivery pressures set forth under Item 1.

(b) The second letter agreement, dated March 25, 1946, provides for an increase in the second 500 million cubic foot block of the contract rate from 11¢ to 13½¢ per Mcf for the first ten-year period of the contract. This will amount to an annual increase in payment by applicant companies of \$150,000.

At the public hearing in Los Angeles on Friday, May 10, 1946, applicant utilities presented evidence in support and justification of the changes enumerated.

In reference to the increase in pressure deliveries, applicants point out that such will defer the necessity of the installation of the 10,000 horsepower compressor station initially contemplated near Blythe

during the period of the first two stages of purchase under the gas contract; and in reference to the last stage, when the project will deliver its maximum of 305 million cubic feet a day, testimony was presented to show that the compressor capacity then required will be 10,000 horsepower as compared with the original design of 25,000 horsepower. It is represented that the savings in annual costs will be substantial, and that for the 305 million delivery the saving will be approximately \$340,000 yearly.

In reference to the estimated capital costs, the record shows that while the 30-inch O.D. line will require a substantially larger investment, yet, because of the reduction in capital costs involving a smaller compressor station, the final estimate of \$16,224,812 is but approximately one and one-tenth million dollars higher than the original cost of the 26-inch line and appurtenances. The record further shows that the project as now designed will, in addition, provide a terminal storage through line pack, which is estimated to amount to 60 million cubic feet during the first two stages of operation and 52 million under conditions of maximum delivery. If adjustment is made for this latter storage factor, then the project as now submitted is estimated to cost but \$33,000 more than the original, which cost, in addition, reflects an increase in the cost of steel tonnage.

In support of the increase in contract rate amounting to \$150,000 a year, applicants presented testimony to show that this was an adjustment to defray in part the increased cost to the El Paso Natural Gas Company due to the increase in the cost of steel and that the total increase in annual costs to the El Paso company, because of this item, were in excess of \$300,000 annually.

The evidence shows that the proposed changes in the gas pipe line and facilities are necessary and we are of the opinion that none of these changes detract in any way from the desirability of applicants' proceeding with the project.

We recommend the following amended Order.

ORDER

IT IS HEREBY ORDERED that the ordering paragraph contained in Decision No. 38668 issued February 5, 1946, granting to Southern California Gas Company and Southern Counties Gas Company of California a certificate of public convenience and necessity to construct a certain natural gas transmission line, be and hereby is amended, so far as necessary, to permit said applicants to construct, operate and maintain a natural gas transmission line within the State of California from a point near Blythe to a point near Santa Fé Springs near the City of Los Angeles, together with all appurtenances thereto, as particularly described in applicants' supplemental application filed with the Commission on April 3, 1946. In other respects, the Order contained in said Decision No. 38668 shall remain unchanged.

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.

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

Dated at Sacramento California, this 14th day of

May 1946.

L. Harold Anderson

Justice J. Coakley

Earl Powell

Harold P. Hull
Commissioners.