

Decision No. 41283

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of SOUTHERN CALIFORNIA GAS COMPANY for an order approving a contract and authorizing applicant to carry out the terms of such contract with the DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES for the service of surplus gas for industrial purposes.

ORIGINAL

Application No. 29126

OPINION AND ORDER

In this application Southern California Gas Company requests authority to enter into a written agreement with the Department of Water and Power of the City of Los Angeles relating to the sale and delivery of surplus natural gas on a dump basis for industrial purposes in the steam electric generating plant of the Department of Water and Power located at its Alameda station in the City of Los Angeles, California. A copy of the proposed agreement, marked Exhibit A, is attached to and made a part of the application.

By the terms of the agreement the Department of Water and Power shall not be entitled to any surplus gas until applicant and its affiliate (Southern Counties Gas Company of California) shall first have sufficient gas available from oil wells in California and from the out-of-state pipe line at Blythe to meet their requirements for underground storage and to supply all other customers, including wholesale customers.

Applicant's affiliate, Southern Counties Gas Company of California, has also entered into agreements to supply natural gas to the Wilmington and Seal Beach plants of the Department of Water and Power⁽¹⁾ as well as to the Southern California Edison Company⁽²⁾ for fuel for electric generating purposes. The agreement in this

(1) Decision No. 41007, Application No. 28918.

(2) Decision No. 41018, Application No. 28875.

application provides that of the total quantity of gas available to the City of Los Angeles and the Southern California Edison Company, in accordance with the respective contracts, each of said consumers shall be entitled to one half of the total quantity of such gas then available. Provision is also made for the parties to relinquish portions of their respective shares of the available gas to each other in the event either shall not desire one half of the total available gas.

The price of all gas sold and delivered under the proposed agreement will be 24 cents per thousand cubic feet plus or minus one-sixth cent for each one cent that the posted price of fuel oil in tank car lots shall be above or below \$1.70 per barrel. Minimum and maximum rates of 15 cents per Mcf and 30 cents per Mcf respectively are also provided. However, a supplemental letter agreement dated January 19, 1948, also included in Exhibit A, provides that, until further written notice by applicant, the maximum price will be 25 cents per Mcf. The purpose of this modification is to preserve the price relationship between sales under this contract and to other customers served under filed schedules, in view of the price-priority basis of curtailment practiced by applicant.

The contract was made and entered into on January 22, 1948 and shall become effective on January 1, 1948, or as soon thereafter as applicant shall be ready to commence rendering service, and shall continue in effect for three years from the date when gas is first delivered.

The agreement contains the provision that it shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction. In this respect, however, it is observed that the agreement provides that should the rate payable thereunder be increased by the Public Utilities Commission of the State of California, then the Department of Water and Power of the City of Los Angeles shall have the right to terminate the agreement by giving thirty days' notice to applicant.

The Commission having considered the request of applicant and it being of the opinion that the application should be granted, that a public hearing in the matter is not necessary, and good cause appearing, therefore,

IT IS ORDERED that Southern California Gas Company is hereby authorized to enter into that certain proposed agreement with the Department of Water and Power of the City of Los Angeles, set forth as Exhibit A, attached to the within application, and to render gas service to said Department of Water and Power of the City of Los Angeles at the rates and under the terms and conditions of said agreement.

The effective date of this Order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 9th day
of March, 1948.

R. J. Dunning
Justin J. Casper
Joseph H. Sullivan
Harold P. Kild
Walter H. Fetter
Commissioners