

ORIGINAL

Decision No. 43437

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
SOUTHERN CALIFORNIA EDISON COMPANY
for the service of surplus gas for
industrial purposes.

Application No. 30670

OPINION AND ORDER

In this application, Southern California Gas Company requests authority to enter into a written agreement with Southern California Edison Company relating to the sale and delivery of surplus natural gas on an interruptible basis for industrial purposes in the steam-electric generating plant of Southern California Edison Company located at Redondo Beach, 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, Southern California Edison Company 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 has entered into an agreement to supply natural gas to the Alameda station of the Department of Water and Power of the City of Los Angeles ^{1/} for fuel for electric generating purposes.

^{1/} Decision No. 41283, dated March 9, 1948, in Application No. 29126.

Applicant's affiliate, Southern Counties Gas Company of California, has also entered into an agreement to supply natural gas to the Wilmington and Seal Beach plants of the Department of Water and Power of the City of Los Angeles^{2/} as well as to the Southern California Edison Company^{3/} for fuel for electric generation purposes at its Long Beach plant. The agreement in this 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.

It is first necessary for the applicant to install approximately 22,000 feet of 20-inch and 16-inch pipe line at an estimated cost of approximately \$200,000 in order to provide service under this proposed agreement. Applicant estimates that 1,120,000 Mcf of gas, yielding \$195,000 in gross revenue, and 12,900,000 Mcf of gas, yielding \$2,237,000 in gross revenue, will be sold during the remainder of 1949 and during 1950, respectively. However, applicant points out that approximately 5,000,000 Mcf of this estimated gas consumption represents net additional load over that supplied by applicant and its affiliate (Southern Counties Gas Company of California), the balance representing a shift in the load by the Southern California Edison Company from its less efficient Long Beach plant to its Redondo Beach plant.

^{2/} Decision No. 41007, dated December 17, 1947, in Application No. 28918.

^{3/} Decision No. 41018, dated December 17, 1947, in Application No. 28875.

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, should the posted price of fuel oil become so low as to make the use of natural gas at the minimum rate uneconomical in the opinion of Southern California Edison Company, it may discontinue service upon thirty (30) days' written notice unless applicant during this period reduces the price of gas so as to be again economically favorable to the consumer.

The agreement was made and entered into on September 26, 1949 and shall become effective as soon as applicant shall be ready to commence rendering service, and will continue in effect for three (3) years from the date when gas is first delivered and thereafter until cancelled by either party upon ten (10) days' written notice.

This 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.

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 HEREBY ORDERED that Southern California Gas Company is authorized to enter into that certain proposed agreement with

Southern California Edison Company, set forth as Exhibit A, attached to the within application, and to render gas service to said Southern California Edison Company 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 25th day of October, 1949.

R. Z. [Signature]
Justice Z. [Signature]
[Signature]
[Signature]
[Signature]
Commissioners.