

Decision No. 46547

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN COUNTIES GAS COMPANY)
OF CALIFORNIA for an Order approving)
a contract and authorizing Applicant)
to carry out the terms of such)
contract with Union Oil Company of)
California, for the exchange of gas.)

Application No. 32535

OPINION AND ORDER

In this application, Southern Counties Gas Company of California requests an order of the Commission approving a contract dated June 6, 1951 with Union Oil Company of California, hereinafter called "Union". The contract relates to the exchange of gas produced or treated in the Santa Maria Valley and Orcutt oil and gas fields, and gas treated in the Cat Canyon field, Santa Barbara County, and at other points within Santa Barbara and San Luis Obispo Counties and at Union's Wilmington Refinery. A copy of said contract is attached to the application and marked Exhibit A.

By the terms of the contract, applicant accepts Union's gas at the fields noted hereinabove and delivers or causes to be delivered concurrently to Union an aggregate equal quantity of gas for use by Union in the operation of its facilities at Avila, the San Luis Obispo Tank Farm, the Summit Pump Station, and the Santa Ynez water well. The use of any portion of said gas for domestic consumption is prohibited. Such exchange delivery may be accomplished by substitution.

The contract also makes provision for Union to accept the delivery of gas from applicant at existing connections between the facilities of the parties in said fields and to deliver to applicant an aggregate equal quantity of natural gas to be served by applicant to its customers located in the Town of Sisquoc, the Western Asphalt Refining Company, the Blochman School, and two domestic customers.

The contract provides that in the event Union tenders gas to applicant (in accordance with the terms of an existing separate purchase gas agreement between the parties) in excess of applicant's obligation to purchase such gas and applicant does not desire to purchase such excess gas, applicant will accept such gas and in exchange deliver an equal quantity of gas to Union's Wilmington Refinery, provided applicant in its sole judgment has excess pipe-line capacity available in its own system to make such exchange.

The contract contains conditions whereby Union will utilize its own compressor facilities located at its Orcutt station to compress gas to pressures sufficient to enable applicant to transmit such gas to its other service areas. Union's obligation to compress the gas will be limited to a volume of 15 million cubic feet per day.

Under the contract the payment for all gas exchanged between Union and applicant as described above shall be 3 cents per thousand cubic feet, except that gas delivered to the Wilmington Refinery by applicant will be at the rate of 5 cents per thousand cubic feet. For all gas compressed by Union for applicant, the compression fee is 2½ cents per thousand cubic feet.

The effective date of the contract is January 1, 1951 and the term thereof is to December 31, 1954, unless previously terminated.

Applicant submitted an amendment to the contract dated December 6, 1951 to incorporate a provision that the contract shall, at all times, be subject to change or modification by this Commission 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 Counties Gas Company of California is authorized to enter into that said proposed contract with Union Oil Company of California set forth as Exhibit A and attached to the application, and to render the service described therein under the terms, charges, and conditions stated therein.

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

Dated at San Francisco, California, this 18th day of December, 1951.

R. Z. Indurana
President.

Justus J. Cooney

Harold P. Kule

Kenneth F. Potter

John E. DeBell
Commissioners.