ORIGINAL

Decision No. 49175

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY, a corporation, for an order of the Commission approving an arrangement between Applicant and Riverside Cement Company for the furnishing of public utility service by the former to the latter.	)	Application No. 33902

T. J. Reynolds and Harry P. Letton, Jr., by Harry P. Letton, Jr., for applicant; L. C. Smull, for Riverside Cement Company.

O P I N I O N

In this application Southern California Gas Company requests authority to enter into a proposed arrangement with the Riverside Cement Company (hereinafter called the customer) to furnish gas as a fuel to be used under the waste heat boilers of the customer for an emergency period of six weeks in case it becomes necessary to shut down the plant for repairs, which is at variance with applicant's filed interruptible gas schedules under which the customer is now receiving gas service.

A public hearing on this application was held by Commissioner Huls and Examiner Crenshaw in Los Angeles on December 31, 1952, at which no objection to the granting of the deviation was manifested.

According to the record, the customer is engaged in the manufacture of cement and owns and operates a plant for this purpose near Riverside, California, known as its Crestmore plant. The manufacture of cement at Crestmore involves, in general, two distinct operations, namely:

(1) The production of "clinkers" in kilns.

(2) The grinding of such clinkers into the finished product.

The grinding machines employed in the second operation of the plant are operated by electric motors. The electric energy utilized by these motors is generated by steam from the customer's waste heat boilers. The waste heat used under the boilers is obtained from the kilns as a result of the first operation. The Crestmore plant has no electric service from any public utility and, in the event of a breakdown, electric power could not be readily obtained from any public utility since the Crestmore plant equipment is designed for 50 cycle operation, whereas the only current available in this area is 60 cycle.

The clinker tunnel and the main flue carrying hot gases from the kilns to the waste heat boilers have been in operation for a considerable number of years and have reached a point when major repairs are necessary. Until recently the customer had planned to completely shut down the Crestmore plant for a period of about six weeks in order to make these repairs. However, due to unforeseen circumstances in the Southern California area caused by recent earthquakes and also to the military and civilian demands for cement which have been higher than estimated, the customer has not been able to shut down the plant to make the necessary repairs.

In view of the present condition of the clinker tunnel and main flue the customer at any time may be forced to shut down the plant, thereby discontinuing the production of clinkers, in which event there would be no waste heat available to produce the steam necessary to generate electric power for the grinding operation.

Since the waste heat boilers do not have sufficient combustion space to permit their being fired with oil, only natural gas could be used for this purpose. The six weeks' period

of shutdown would necessitate the delivery of approximately 2,000 Mcf per day of natural gas to be used under the waste heat boilers in order to generate sufficient electricity for the operation of the grinding machine equipment.

The customer has a considerable stockpile of clinkers which it has built up and by the operation of the grinding machines during the period of shutdown it would be enabled to maintain a certain amount of cement production. The customer stated that every effort would be made to postpone the shutdown for major repairs until after March 15, 1953, which is beyond applicant's peak winter demand period. However, the condition of the clinker tunnel and main flue is such that at any time the plant may be forced to shut down for repairs. The customer has requested that in the event of such an emergency shutdown, applicant supply natural gas to it for its use in waste heat boilers in order to permit the grinding of stockpile clinkers while repairs are made to the clinker tunnel and main flue.

The customer further stated that in case of a prolonged period of wet weather which would curtail construction work, it might be possible to shut down the plant for repairs without the necessity of requiring the use of emergency gas.

The customer is now receiving gas service from applicant on an interruptible basis. Therefore, in case of cold weather, it would be necessary for applicant to discontinue the natural gas supply when it is needed for its firm customers and fire the kiln with fuel oil.

Applicant does not have on file with this Commission at the present time, schedules of rates for the class of emergency service requested by the customer in this application. However, applicant has developed a proposed arrangement in the nature of a special emergency rate which could be applied to

the public utility service as herein requested by applicant. This arrangement is set forth in the following table:

Emergency Service Covering Any Portion of the Period December 15, 1952 to March 15, 1953	
Demand Charges	
Facility cost per Mcf of daily demand (annual charge independent of period of use	$11.00
Demand component of gas costs per Mcf of demand (charge per month during period of service prorated to nearest half month)	1.50
Commodity Charge Per Meter Per Month	
As per Interruptible Natural Gas Service Schedule G-53	

Emergency Service Preceding or Following the Period December 15, 1952 to March 15, 1953	
Demand Charges	
Facility cost per Mcf of daily demand (annual charge independent of period of use)	$7.70
Demand component of gas costs per Mcf of demand (charge per month during period of service prorated to nearest half month)	1.50
Commodity Charge Per Meter Per Month	
As per Interruptible Natural Gas Service Schedule G-53	

Under the emergency service rate from December 15,1952 to March 15, 1953, and assuming a 100% load factor, a 45-day operating period, and a daily demand of 2,000 Mcf, the average rate would be approximately 57.3¢ per Mcf.

If the emergency gas service were required following the period from December 15, 1952 to March 15, 1953, and assuming a 100% load factor, a 45-day operating period, and a daily demand of 2,000 Mcf, the average rate under the above schedule would be approximately 50.0¢ per Mcf.

Under the proposed arrangement the emergency gas service to the customer during a period of not to exceed six

weeks would be subject to discontinuance only after all of applicant's interruptible customers had been notified to discontinue the use of gas served them under the interruptible schedules.

The arrangement set forth in the application is agreeable to the customer; however, it was definitely understood that the customer would call for this emergency service only in the event of a major breakdown in its facilities and then for only a temporary period of not to exceed six weeks.

In its Exhibit No. 2 applicant submitted estimates of the revenues to be paid under the proposed rate, as well as estimates of expenses, which showed that the average rate per Mcf and the estimate of return on investment were such that a burden would not be placed upon applicant's other customers and that such an arrangement would be extended to other customers who required emergency service under the same circumstances.

Applicant also presented as Exhibit No. 1 a form of proposed contract to be used in case the emergency service were requested by the customer. This form of contract sets forth the conditions under which service would be rendered and the rates to be charged.

It is evident from the record that the consummation of this contract would not be adverse to the interest of the other customers on applicant's system and that the rates and conditions appear reasonable and should be granted.

In case the emergency service is requested by the customer and granted by applicant, this Commission should be advised immediately as to the date on which service was commenced and discontinued and the conditions which necessitated the request for the emergency service. In addition, four

copies of the emergency agreement as executed should be filed with the Commission.

O R D E R

The above application having been considered, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that Southern California Gas Company is hereby authorized to render gas service on an emergency basis to Riverside Cement Company at its Crestmore Plant in Riverside, substantially in accordance with the form of contract set forth in applicant's Exhibit No. 1 in this proceeding and only when the Riverside Cement Company's equipment shall become inoperative, requiring major repairs.

IT IS FURTHER ORDERED that when this emergency service is requested by the Riverside Cement Company, the Southern California Gas Company advise this Commission by letter as to the date on which service was first rendered and discontinued, giving a brief outline of the conditions which necessitated the shutting down of the Crestmore plant at Riverside.

IT IS FURTHER ORDERED that the Southern California Gas Company file with this Commission in accordance with General Order No. 96, four (4) copies of its emergency agreement with the Riverside Cement Company, as executed, if and when the emergency service is requested by the Riverside Cement Company.

The authorization herein granted shall expire on October 31, 1953.

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

Dated at San Francisco, California, this 19th day of January, 1953.

President.

Commissioners.