

ORIGINALDecision No. 57376

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 BETHLEHEM)
 PACIFIC COAST STEEL CORPORATION for)
 the furnishing of public utility)
 service by the former to the latter.)

Application No. 40367

OPINION AND ORDER

Southern California Gas Company by the above entitled application filed August 19, 1958, requests an order of the Commission authorizing it to provide interruptible natural gas service to Bethlehem Pacific Coast Steel Corporation without requiring the installation of standby equipment and fuel.

Bethlehem has requested applicant to provide gas service under Schedule No. G-50, Interruptible Natural Gas Service, to a new pilot plant which is to be constructed for the reduction of iron ore at Bethlehem's existing plant in Vernon, California. The pilot plant is to be used for testing and developmental purposes in order to perfect a process which involves the grinding of the iron ore, the drying and heating of the ground ore, and the injection of hydrogen at an appropriate point in the process. The application states that the construction of the pilot plant will be completed within about one year and that not more than three years will be required to perfect the process. Bethlehem estimates that the pilot plant will require approximately 1,600 Mcf of natural gas per day for heating and the obtaining of the hydrogen required.

Exhibit "A" attached to the application is a copy of a letter from Bethlehem, dated July 9, 1958, which makes the following representations with respect to the gas service requested:

- (1) The operation of the pilot plant is expected to be intermittent due to changes and developments in the process as time goes on;
- (2) The production output of the pilot plant is not essential to the operation of Bethlehem's steel plant and, consequently, a shutdown caused by gas curtailment can be easily and promptly effected without any damage to equipment or loss of product;
- (3) In view of the nonessential production character of the pilot plant in its trial stages, it would be uneconomical to provide standby fuel and hydrogen generating facilities for use during periods of gas curtailment. Instead, Bethlehem would much prefer merely to shut down the pilot plant temporarily during any such period of gas curtailment; and
- (4) If, based on the operations of its proposed pilot plant, Bethlehem should decide to construct a larger plant for full scale operations, it would then be economical to install standby fuel facilities and Bethlehem would expect to do so.

Special Condition No. 2 of applicant's Schedule No. G-50 provides as follows:

- "2. Except upon an application made to the Public Utilities Commission and approval first obtained:

- "(a) No customer (except as to a plant on an interruptible gas rate during all or a portion of the year ending December 16, 1941), applying for gas service hereunder subsequent to December 16, 1941, shall be entitled to such gas service, unless such customer shall have adequate standby fuel, equipment and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

"(b) No existing customer using gas hereunder subsequent to December 16, 1941, shall be permitted to increase usage of gas hereunder for additional equipment (except as to equipment on an interruptible gas rate during all or a portion of the year ending December 16, 1941) unless such customer shall have adequate standby fuel, equipment and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued."

The application states that because of the peculiar conditions involved in this case and the temporary nature of the project, applicant believes that the customer's request should receive favorable consideration.

The Commission has considered the request of applicant and is of the opinion that the application should be granted. However, since the proposed service is temporary in nature, we will limit the authorization herein granted to a period of three years. It appears that a public hearing is not necessary; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized to deviate from Special Condition 2 of Schedule No. G-50 and provide natural gas service thereunder to the pilot plant of Bethlehem Pacific Coast Steel Corporation without requiring the installation of standby equipment and fuel, for a period of three years beginning with the date of commencement of such service, providing the stipulation required by ordering paragraph No. 2 has been previously filed with this Commission.

2. Applicant and customer shall join in a written stipulation which shall be filed with this Commission prior to the commencement of any service under this order, which stipulation shall provide that under no circumstances will customer request nor applicant provide

gas service to customer for the facilities covered by the order under an interruptible schedule with priorities of curtailment differing in any manner from any other interruptible customer served under the same schedule during the period covered by the agreement.

3. Applicant shall notify the Commission of the dates of commencement and termination of gas service under Schedule No. G-50 to the pilot plant of Bethlehem Pacific Coast Steel Corporation.

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

Dated at San Francisco, California, this 29th day of September, 1958.

E. J. Fox
 President

John S. Mitchell

James H. [unclear]

William [unclear]

Theodore [unclear]
 Commissioners