

ORIGINAL

Decision No. 57466

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
PACIFIC GAS AND ELECTRIC COMPANY)
for authority to carry out an)
agreement dated July 8, 1958 with)
CALIFORNIA AMMONIA COMPANY for the)
sale of natural gas.)
(Gas)

Application No. 40321

OPINION AND ORDER

Pacific Gas and Electric Company, by the above-entitled application filed August 4, 1958, as amended September 18, 1958, requests an order of the Commission authorizing it to carry out the terms and conditions of a contract dated July 8, 1958 with California Ammonia Company. This contract provides for the sale of interruptible gas under Schedule G-50 to California Ammonia Company's new anhydrous ammonia plant now under construction and located south of Lathrop, San Joaquin County, California, without the standby facilities required in that schedule. A copy of the contract is attached to the application, marked Exhibit A, and by reference made a part hereof for all purposes.

Applicant's Position

The proposed process will use natural gas as a raw material to react with air and steam at high temperature and pressure in the presence of a catalytic agent. The catalyst is so designed that it cannot be operated satisfactorily with liquid petroleum gas which is the only other raw material that could possibly be used as a standby raw material. Pacific is informed that it is more practicable and efficient for California Ammonia Company to accept curtailment and suspend operations, either totally or in part, than to provide

standby facilities for natural gas used as a raw material in the manufacture of anhydrous ammonia.

California Ammonia Company agrees to provide standby fuel and equipment for the operations not involving natural gas as a raw material. These uses have an hourly maximum gas burning capacity of approximately 67,000 cubic feet per hour.

In order to make gas service available to California Ammonia Company, applicant will install approximately 10,000 feet of 8-inch gas main at an estimated cost of \$64,442, \$33,330.50 of which is to be paid concurrently with the execution of the agreement, and the balance of \$31,111.50 is to be paid upon completion of the installation of the gas main extension. These sums are not subject to refund and shall be deemed to be the entire cost of the gas main extension adequate to deliver to California Ammonia Company interruptible gas at a flow which shall not exceed an hourly maximum of 260,000 cubic feet. Applicant estimates an annual gross revenue of \$800,000 from the sale and delivery of interruptible gas to California Ammonia Company.

This three-year agreement is subject to annual renewal and contains the provision that it shall not become effective until the Commission, by its order, authorizes applicant to carry out the terms and provisions thereof, and shall at all times be subject to such changes or modifications by the Commission as it may from time to time, direct in the exercise of its jurisdiction.

Findings and Conclusions

The Commission is of the opinion that the applicant's request should be granted to supply interruptible gas service to California Ammonia Company under the conditions specified in the

contract. In authorizing interruptible service without standby equipment as a deviation from the regularly filed tariffs, applicant and customer are placed on notice that natural gas service to the firm customers is paramount and the Commission expressly reserves the jurisdiction to discontinue this deviation service at any time where the supply to firm customers may be impaired. By amended application it is represented that the customer will perform maintenance activities, will grant employee vacations, and will transfer personnel to other work during periods of curtailment. Further, the contract between applicant and customer expressly provides that applicant may shut off the supply of interruptible gas at any time without notice. We note that this provision is an essential feature of protection to the firm customer and is inherent in our approval of this deviation service. California Ammonia Company and the applicant are placed on notice that California Ammonia Company must accept, without question, curtailment of interruptible gas service when notified by Pacific to do so pursuant to the tariff provisions. Being of the further opinion that a public hearing hereon is not necessary, therefore,

IT IS HEREBY ORDERED that:

1. Applicant is authorized to carry out the terms of an agreement dated July 8, 1958, as amended, with the California Ammonia Company.
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 file three certified copies of the agreement as executed within thirty days after the effective date of this order.

4. Applicant shall notify this Commission of the date of termination of said agreement within thirty days after said date of termination.

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

Dated at San Francisco, California, this 15th day of October, 1958.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners