

ORIGINAL

Decision No. 58095

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the joint appli- )  
cation of SOUTHERN CALIFORNIA GAS )  
COMPANY and SOUTHERN COUNTIES GAS )  
COMPANY OF CALIFORNIA for a cer- )  
tificate of public convenience )  
and necessity under Section 1001 )  
of the Public Utilities Code. )

Application No. 40588

(Appearances and witnesses  
are listed in Appendix A)

INTERIM OPINION

Applicants' Request

Southern California Gas Company and Southern Counties Gas Company of California<sup>1</sup> filed the above-entitled application on November 7, 1958 requesting that the Commission make its decision and order, as provided for by the provisions of Section 1001 of the Public Utilities Code:

1. Granting and conferring all necessary permission and authority to construct, maintain and operate a 34-inch pipeline and related facilities between the California-Nevada border near Ivanpah Valley and Placentia, California in order to deliver additional out-of-state gas to be received from El Paso Natural Gas Company at the state border, and from their affiliate, Pacific Lighting Gas Supply Company at Newberry;

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<sup>1</sup> Applicants are primarily retail natural gas distribution companies who purchase, distribute, and sell gas in the central and southern parts of the State of California. Together they serve directly in excess of 2,250,000 customers and, in addition, Southern Counties Gas Company of California sells gas at wholesale to the San Diego Gas & Electric Company, and Southern California Gas Company sells gas at wholesale to the City of Long Beach. Pacific Lighting Gas Supply Company, an affiliate, supplies applicants with a portion of their requirement for natural gas.

2. Declaring that public convenience and necessity now require the construction, maintenance, and operation of the said 34-inch line and related facilities and the use by applicants of all permits, easements, and franchises which may be used or useful in connection with the construction, maintenance, and operation of said 34-inch pipeline and related facilities;
3. Issuing to applicants a certificate declaring that the present and future public convenience and necessity require and will require that such construction, maintenance, and operation of the 34-inch pipeline and related facilities be undertaken by applicants; and
4. Granting applicants such other authority herein as may be required.

Public Hearing

After due notice, five days of public hearing have been held on this application during the period January 13 to February 17, 1959 before Commissioner Peter E. Mitchell and/or Examiner Manley W. Edwards in Los Angeles. Additional hearing time is scheduled starting March 25, 1959 in Los Angeles. At the fifth day of hearing on February 17, 1959, the Western Oil and Gas Association, which appears as a protestant in this proceeding, entered a motion to dismiss the application. This interim decision is concerned with this motion and certain issues thereby raised.

Motion to Dismiss

The Association's motion to dismiss is predicated on the fact that the figures as to economic feasibility of the project are not addressed to the Rock Springs Project only, which project is concerned with the transmission of gas from the state border, but also involves the transmission of additional gas to be received at

Newberry from the Transwestern Project.<sup>2</sup> The Association represents that the Transwestern gas already has been certificated or found economically feasible, that there should be a showing addressed solely to the Rock Springs Project, that the applicant has failed to make such a showing, that this is a fatal defect and therefore the application should be dismissed.

Applicants' Response to Motion to Dismiss

Applicants' response to the motion to dismiss is based on the following contentions:

1. The application involved here covers more than just the Rock Springs increment;
2. The market data, gas supply and economic feasibility exhibits and testimony presented in Application No. 40022 were all based on a showing including both the new Transwestern and the new El Paso supplies;
3. The Commission approved the Transwestern Project to receive and then deliver gas to applicants at Newberry;
4. A proper picture would not be shown if we were to fail to know the market for the facilities required and the economic feasibility of both increments.
5. The gas companies' witnesses repeatedly have stated that both projects are needed, that both are economically feasible; and, therefore, each of the projects of themselves are also economic.
6. This motion comes in the middle of a proceeding; this case should be processed in the public interest to a decision on the merits and the motion to dismiss should be denied.

<sup>2</sup> Authorization was granted for the Transwestern Project by Decision No. 57419, Application No. 40022, dated September 30, 1958. This decision is conditioned on certain Federal Power Commission action and grants authorization for a 34-inch pipeline between the California-Arizona border near Topock, Arizona and Newberry, California, and purchase by Pacific Lighting Gas Supply Company of out-of-state gas from the Transwestern Pipeline Company.

Findings and Conclusions

After considering the evidence thus far adduced, it is the Commission's opinion that the motion of the Western Oil and Gas Association should at this time be denied without prejudice. However, it is the Commission's opinion that applicant should present to this Commission, so that it may be fully informed, (1) evidence of the economic feasibility of the Rock Springs Project, as a separate and distinct project, and (2) evidence of the economic feasibility of the Transwestern Project, as a separate and distinct project.

INTERIM ORDER

Southern California Gas Company and Southern Counties Gas Company of California jointly having applied to this Commission for an order authorizing the construction, operation, and maintenance of a 34-inch gas pipeline, five days of hearing having been held, a motion having been made to dismiss the application and it appearing to this Commission that the motion should be denied at this time and that the applicants should be required to revise or augment their exhibits; therefore,

IT IS ORDERED as follows:

1. The motion of Western Oil and Gas Association to dismiss the application is denied without prejudice.
2. Applicants shall revise or augment their exhibits in such manner as to show the costs and economic feasibility of the Transwestern Project (authorized by Decision No. 57419, Application No. 40022) alone and the Rock Springs Project alone to deliver the

new out-of-state gas increments to the Los Angeles area, as well as on a combined basis. The cost studies shall include costs for each of the years 1960 through 1965 and shall be based on applicants' best estimate of applicants' requirements for natural gas in each of said years. Costs shall be shown at the border of California and at the load center. A supplemental cost study for each of the same six years should be included in connection with the Rock Springs Project costs which will show the costs for each component of the Rock Springs Project as though each participating company received a fair return on its properties devoted to the proposed service. Where allocations are required, said allocations shall be based on the method used by the Federal Power Commission.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 10<sup>th</sup> day of March, 1959.

[Signature]  
President

[Signature]  
Theodore J. J. J.  
Commissioners

I have in compliance  
of the above mentioned decision  
paid \$100,000 from the balance of the  
order.  
[Signature]  
C. L. Fox

APPENDIX A

List of Appearances

For Applicants: T. J. Reynolds, Harry P. Letton, Jr., Henry F. Lippitt, 2d, for Southern California Gas Company; Milford Springer and Robert M. Olson, Jr., for Southern Counties Gas Company of California.

Protestants: Gerald H. Trautman of McCutchen, Doyle, Brown & Enersen, and Thomas H. McGovern of MacDonald & Halstead, for Western Oil and Gas Association.

Interested Parties: O. C. Sattinger and Joseph R. Rensch, for Pacific Lighting Gas Supply Company; Rollin E. Woodbury, Harry W. Sturges, Jr., John R. Bury by William E. Marx, for Southern California Edison Company; Chickering & Gregory by C. Hayden Ames, and Frank R. Porath, for San Diego Gas & Electric Company; C. H. McCrea, for Southwest Gas Corporation; W. W. Miller and F. A. McCrackin, for California Electric Power Company; Brobeck, Phleger & Harrison by Robert N. Lowry, for California Manufacturers Association; J. J. Deuel, for California Farm Bureau Federation; Roger Arnebergh, Robert W. Russell, John Synott and Manuel Kroman, for the City of Los Angeles; Henry E. Jordan, for the City of Long Beach; O'Melveny & Myers by Lauren M. Wright, for Riverside Cement Company, Division of American Cement Corporation.

Commission staff: Louis W. Mendonsa.

LIST OF WITNESSES

Evidence was presented on behalf of the applicants by: Grove Lawrence, J. A. Miller, J. C. Oberseider, Keith Kelsey, W. M. Jacobs, W. J. Herrman, Paul Kayser, and W. E. Mueller.

Evidence was presented on behalf of the protestants by: Felix Chappellet, D. D. Ostrom, Richard R. Von Hagen and A. C. Rubel.