

ORIGINAL

Decision No. 58388

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY, a
 corporation, for a certificate of
 public convenience and necessity
 authorizing it to construct, operate
 and maintain an underground gas
 storage project in the Pleasant Creek
 Gas Field.

(Gas)

Application No. 40867

F. T. Searls, John C. Morrissey, William E. Johns
 and John S. Cooper, by William E. Johns, for
 applicant.

California Manufacturers Association, by William
 W. Evers; California Farm Bureau Federation, by
William L. Knecht and Ralph O. Hubbard; State
 Board of Equalization, by Frederick J. Mock;
 California Department of Water Resources, by
Fred J. Groat; interested parties.
Kenneth J. Kindblad, for the Commission staff.

O P I N I O N

By this application, filed February 19, 1959, Pacific
 Gas and Electric Company seeks a certificate under Section 1001 of
 the Public Utilities Code declaring that the present and future
 public convenience and necessity require and will require the con-
 struction, operation and maintenance of an underground gas-storage
 project in the Pleasant Creek Gas Field in Yolo County.

Public hearing in the matter was held before Commissioner
 Theodore H. Jenner and Examiner F. Everett Emerson on April 3, 1959,
 at Sacramento and the matter was submitted on that date.

The evidence discloses that since 1950 applicant has
 become progressively more dependent upon out-of-state sources of

gas to meet its growing system demands. According to the evidence, more than 70 per cent of the total gas now used by the system is supplied through long transmission mains from out-of-state sources. A relatively high load factor permits lower gas prices; however, such a load factor does not lend itself to meeting wide fluctuations in daily and seasonal demands. Hence, it is desirable to provide storage capacity to meet system peak demands which are of short duration. The need for a means by which supply and demand requirements may be equated is readily apparent and the need is increasing. From its engineering and economic studies of such situation, applicant has concluded that the most feasible way to meet the fluctuating gas requirements of its system is presently to undertake to store gas in underground depleted or partially depleted gas fields during periods of low demand and to withdraw gas therefrom during system peak demands and other periods of large usage.

Applicant proposes to store gas in the partially depleted Pleasant Creek Gas Field, located in Yolo County about 2½ miles northwest of Winters. In addition to being an important factor in helping to conform the available supply to the annual system demand for gas, the storage capacity of this field will assist in equating peak hourly and daily loads in the Sacramento Valley area. The project will also provide an important emergency source of gas, should normal service to northern California be temporarily interrupted through loss of supply from local gas fields or from one or more large-volume pipeline sources.

Estimated expenditures for the complete project proposed herein total \$2,591,260. Applicant's annual operating expenses of the project, when completed, are estimated to total \$393,171.

Based upon an estimated optimum working storage capacity of 3,250,000,000 cubic feet of gas, the storage expenses (including provisions for depreciation, taxes, and a 6½ per cent return on the investment in facilities) would be equal to 12.098 cents per thousand cubic feet of gas stored.

Applicant proposes to construct the underground storage project in two stages. The first stage would be undertaken immediately and would make use of existing gas wells and existing transmission mains. The second stage of construction would commence when applicant's projected future importation of gas from Canada and its transmission main therefor are completed. The proposed "Canadian" line will pass within a short distance of the Pleasant Creek Gas Field, and advantage may be taken of such proximity to the end that there will result greatly reduced compression costs for injection of the Canadian gas (which will be available at higher pressure than gas from California sources).

No opposition to applicant's proposal was expressed at the hearing in this matter.

In view of the evidence, the Commission is of the opinion that applicant's proposal is in the public interest and that applicant has clearly and convincingly demonstrated the need for and feasibility of the project.

The Commission finds as a fact that public convenience and necessity now require and will require the construction, operation, maintenance and use of the underground storage project, as proposed in this proceeding, and that a certificate should be issued for the same. The certificate is subject to the following provision of law:

"That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right."

O R D E R

Based upon the evidence and the findings contained in the foregoing opinion,

IT IS ORDERED that a certificate of public convenience and necessity be and it is hereby granted Pacific Gas and Electric Company to construct, operate, maintain and use the underground gas storage project, as described in this Application No. 40867.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission a detailed statement of the capital costs of the underground storage project and related appurtenances herein authorized within six months following the date of completion.

The authorization herein granted will expire if not exercised within four years from the date hereof.

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

Dated at San Francisco, California, this 12th day of May, 1959.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

-4- Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.