

ORIGINAL

Decision No. 43864

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SOUTHERN CALIFORNIA GAS COMPANY)
for an order of the Commission)
authorizing it to carry out an)
agreement dated October 10, 1961,)
with UNITED CARBON COMPANY, INC.,)
for the sale of interruptible)
natural gas.)

Application No. 43864

OPINION AND ORDER

By the above-entitled application, filed October 20, 1961, Southern California Gas Company seeks an order of this Commission authorizing it to carry out the terms and conditions of an agreement dated October 10, 1961 with United Carbon Company, Inc. The agreement relates to the supply of interruptible gas service to a plant of United now under construction south of Mojave, Kern County. A copy of the contract is attached to the application as Exhibit A.

Applicant proposes to supply natural gas for fuel purposes in reactors, pellet dryers, and a boiler for the production of carbon black. The maximum estimated natural gas requirement for the equipment is 112.2 Mcf per hour of which 78.7 Mcf per hour will be used in the reactors. Except for the reactors, all of United's equipment receiving interruptible service will be equipped with standby as required by Special Condition No. 2 of Schedule No. G-50. The reactors will use a preheated heavy fuel oil as a raw material and natural gas as a combustion fuel. Applicant states that currently there is no practical standby fuel for the natural gas used in such reactors. Applicant plans to tap its Antelope Valley trunk line at a point about 3.5 miles south of Mojave and lay a total of

approximately 6,933 feet of main easterly and southerly to United's plant at an estimated cost of \$37,070. The extension will be made in accordance with Rule No. 20 and no advance will be required from United. Applicant estimates that revenues from sales of gas under the agreement will be approximately \$278,000 per year.

By letter dated June 9, 1961, Exhibit B, United advised applicant that, in the event gas service is interrupted, (1) no damage to the reactors will occur, (2) normal deliveries by United can be made from bulk storage and warehouse facilities, (3) no employees will be laid off as a direct result of decreased production due to gas interruption, but will be retained for maintenance or other work.

The Commission has, in six instances¹ in the past, authorized a waiver of the requirement that standby fuel facilities be maintained where interruptible natural gas is to be used. In each of these prior instances the use of natural gas was as a raw material or in a reactor.

Applicant's request to supply interruptible gas service to United under the conditions specified in the agreement should be granted. In authorizing interruptible service without standby equipment as a deviation from the regularly filed tariffs, we place applicant and the customer on notice that natural gas service to the firm customers is to be accorded priority, and we expressly reserve jurisdiction to order discontinuance of this deviation service at any time. United Carbon Company, Inc., and applicant are placed on notice that United Carbon Company, Inc., must accept, without question,

¹ Decisions Nos. 50396 (Aug. 10, 1954), 57466 (Oct. 15, 1958), 57376 (Sept. 29, 1958), 58321 (April 28, 1959), 62013 (May 22, 1961), and 62076 (May 31, 1961).

curtailment of interruptible gas service when notified by applicant to do so pursuant to the tariff provisions.

A public hearing hereon is not necessary. We find that the proposed deviation is justified and in the public interest.

IT IS HEREBY ORDERED that:

1. Applicant is authorized to carry out the terms of the agreement dated October 10, 1961 with United Carbon Company, Inc., referred to in the application.

2. Applicant shall file three certified copies of the agreement as executed within thirty days after the effective date of this order.

3. 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 twenty days after the date hereof.

Dated at San Francisco, California, this 29th day of NOVEMBER, 1961.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.