

ORIGINAL

Decision No. 65709

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA EDISON COMPANY,)
 a corporation, for a certificate)
 that public convenience and necessity)
 require and will require the exercise)
 by applicant of the rights, privi-)
 leges and franchises granted by)
 Ordinance No. 8230 of the County of)
 Los Angeles, Ordinance No. 1429 of)
 the County of Orange, Ordinance No.)
 128 of the City of Cypress, Ordi-)
 nance No. 99 of the City of Dairy)
 Valley, Ordinance No. 71 of the City)
 of Dairyland, Ordinance No. 72 of)
 the City of Los Alamitos, Ordinance)
 No. 316 of the City of Norwalk and)
 Ordinance No. 192 of the City of)
 Santa Fe Springs, to construct, lay,)
 operate, maintain, use, renew,)
 repair, replace, move and remove or)
 abandon in place a system of pipe-)
 lines and appurtenances.)

Application No. 45152
 Filed February 1, 1963

R. E. Woodbury, H. W. Sturgis, Jr. and
H. Clinton Tinker, for applicant.
John Ormasa and Robert Salter, for Southern
California Gas Co.; Milford Springer and
Robert M. Olson, Jr., by John Ormasa, for
Southern Counties Gas Co. of California,
interested parties.
N. R. Johnson, for the Commission staff.

O P I N I O N

Southern California Edison Company requests certificates of public convenience and necessity, pursuant to Section 1002 of the Public Utilities Code, to exercise certain county and city franchises to construct, operate and maintain a system of fuel pipelines and a related private communication system between Los Alamitos and Santa Fe Springs for the purpose of supplying oil, petroleum and gas fuel to its steam-electric generating stations.

The franchises relate generally to the routes of fuel pipelines which will link the company's present Alamitos-Huntington Beach fuel pipeline (Decision No. 58554, Application No. 40781) and its Etiwanda fuel pipeline (Decision No. 48438, Application No. 34013).

The application was submitted at the conclusion of a public hearing held, after due notice, at Los Angeles, on April 17, 1963, before Examiner Gregory. Southern California Gas Company and Southern Counties Gas Company of California, both of which supply natural gas to the general public, appeared at the hearing and urged that a restriction be placed in the sought certificates against use of the franchises for the purpose of transporting natural gas. Applicant, however, disclaimed any intention of exercising the franchises for the purpose of distributing natural gas to the public, or for any purpose other than transportation of natural gas as a possible alternative fuel for operation of steam-electric generating plants used in its business of supplying electric energy to the public.

The record reveals that during 1961 the pipeline from the coastal refinery area to Santa Fe Springs was taken out of service by the oil supplier and it was therefore necessary to build the Los Alamitos-Norwalk pipeline, about 14.5 miles in length, to permit continued pipeline deliveries of oil to Etiwanda from refineries near the coast and marine terminals. The new facility, which can transport high viscosity fuel oil, connects with an existing oil company pipeline at Alamitos Steam Station and is sized to accommodate the requirements of Etiwanda Steam Station with four units in operation.

The evidence reveals that pipeline transportation of high viscosity residual oil requires heating to maintain the oil in a

proper state of fluidity for ease of flow. Fuel for heating is provided by Southern Counties Gas Company of California at the Alnor, Santa Fe Springs, Tomner and Euclid pumping and heating stations. Gas service, however, is not essential because the heaters can be operated with oil fuel and facilities are provided for quick change-over to the alternate fuel.

Edison, during 1962, secured the following county and city franchises to construct, operate and maintain a system of pipelines and appurtenances and a related private communication system, for the purpose of "conducting, transporting, conveying, and carrying gas, oil, petroleum, water and other substances" over routes specified in the franchises:

<u>County</u>	<u>Ordinance Number</u>	<u>Date Adopted</u>	<u>Cost Exclusive of Filing Fee</u>
Los Angeles	8230	6-26-62	\$ 708.67
Orange	1429	1-10-62	680.89
<u>City</u>			
Cypress	128	5-14-62	383.66
Dairy Valley	99	7-11-62	47.10
Dairyland	71	5--7-62	449.12
Los Alamitos	72	5--2-62	485.69
Norwalk	316	8-12-62	439.93
Santa Fe Springs	192	3--8-62	819.20
Total cost			\$4,014.26

A fee is payable annually to the grantors of the respective franchises equivalent to 2 percent of the gross receipts arising from their use, operation or possession. Edison estimates that the annual payments pursuant to these franchises will amount to about \$2,340.

We have considered the contentions of the gas distributing utilities advanced in support of their proposal to restrict the exercise of the Alamitos-Norwalk pipeline franchises against transportation of natural gas. The gas utilities assert that in

the absence of any specific proposal by Edison concerning the sources or quantities of gas that it might use, the possibility of utilizing the fuel pipeline for transportation of gas from other suppliers could adversely affect the gas utilities by lessening the requirements which Edison might normally purchase from them.

We find no merit in the position assumed by the gas companies. The record shows, without contradiction, that Edison requires a firm fuel supply for its Etiwanda Steam Station and that the pipeline method of fuel transportation is less costly and cumbersome than movements by truck or rail. Moreover, the franchise certificates covering both the Alamitos-Huntington Beach and Etiwanda fuel pipelines contain no such restriction. To eliminate natural gas -- or other gases so classified -- from the spectrum of fuels now or potentially available for the uninterrupted and economical operation of Edison's steam plants, and, especially, to do so with respect to a vital connecting link in the system of fuel lines required for such operations, would be unwarranted in the absence of compelling reasons therefor not disclosed by this record.

The above notwithstanding, applicant is hereby placed on notice that in the event the pipeline is utilized for the transportation of gas, the provisions of this Commission's General Order No. 112, "Rules Governing Design, Construction, Testing, Maintenance and Operation of Utility Gas Transmission and Distribution Piping Systems" are applicable and full compliance with the provisions of said general order is to be effected.

We find that:

1. Southern California Edison Company is a public utility corporation providing electric service to its customers within its service area in the State of California.

2. In view of Edison's energy requirements and the continuing growth of generating capacity at its steam plants, an adequate fuel supply is essential to provide efficient and reasonable electric service to the public.

3. Edison's fuel pipeline system is a necessary facility for providing its steam plants with an adequate fuel supply.

4. Edison, in the operation of its fuel pipeline system, will not be competing with any other public utility in its furnishing of any service or commodity to the public.

5. Public convenience and necessity require the exercise by Southern California Edison Company of the rights and privileges granted to applicant by the franchises set forth in the application herein as Exhibits A through H thereof.

We conclude, therefore, that the application herein should be granted.

The certificate of public convenience and necessity herein granted is subject to the following provisions of law:

1. That the Commission shall have no power to authorize the capitalization of the franchise involved herein or this certificate of public convenience and necessity or the right to own, operate or enjoy such franchise or certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise, certificate of public convenience and necessity or right.
2. That the franchise involved herein shall never be given any value before any court or other public authority in any proceeding of any character in excess of the cost to the grantee of the necessary publication and any other sum paid by it to the municipality therefor at the time of the acquisition thereof.

ORDER

IT IS ORDERED that a certificate of public convenience and necessity is granted to Southern California Edison Company to exercise the rights and privileges granted by the following governmental agencies:

<u>County</u>	<u>Ordinance No.</u>	<u>Date Adopted</u>
Los Angeles	3230	June 26, 1962
Orange	1429	January 10, 1962
 <u>City</u>		
Cypress	128	May 14, 1962
Dairy Valley	99	July 11, 1962
Dairyland	71	May 7, 1962
Los Alamitos	72	May 2, 1962
Norwalk	316	August 12, 1962
Santa Fe Springs	192	March 8, 1962

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

Dated at San Francisco, California, this 16th day of JULY, 1963.

William W. Burnett
President

Edward E. Mitchell

Everett W. Long

Frederick B. Hallock

Commissioners

I dissent on the ground that applicant has failed to comply with procedural requirements imposed by law. Although bound to begin construction within four months of the granting of these franchises (Pub. Util. Code §6013), and although prohibited from exercising the franchises prior to obtaining a certificate from this Commission (Pub. Util. Code §1002), applicant nevertheless failed even to apply for a certificate until after four months beyond the effective date of the latest of the franchises. There is more than a mere technical possibility that the franchises are now void. (Los Angeles Railway Company v. Los Angeles, 152 Cal. 242, 244-245; People v. Sutter Street Railway Company, 117 Cal. 604, 611, 612; Upham v. Hosking, 62 Cal. 250, 257-258; 22 Cal. Jur. 2d 668, 685.)

In view of these procedural deficiencies, I have not considered the issues relating to public convenience and necessity.


George G. Grover, Commissioner