

Decision No. 65883**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application)
of PACIFIC GAS AND ELECTRIC COMPANY AND)
SOUTHERN COUNTIES GAS COMPANY OF CALI-)
FORNIA for an order authorizing appli-)
cants to carry out the terms of an)
agreement dated November 1, 1962, cover-)
ing the Exchange of Natural Gas in San)
Luis Obispo County. }

Application No. 45066
(Amended)

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) and Southern Counties Gas Company of California (Southern Counties) by the above-entitled application filed December 27, 1962, and amended on July 8, 1963, request an order of the Commission authorizing them to carry out the terms and conditions of a joint letter agreement dated November 1, 1962. Said agreement relates to the exchange of natural gas between the applicants within their respective service areas in San Luis Obispo County. A copy of said agreement is attached to the application, marked Exhibit A, and by reference made a part thereof.

Southern Counties in its Rate Area No. 19, presently serves natural gas to the public in and about Atascadero, Cayucos, Morro Bay, Paso Robles, Santa Margarita, and Templeton from a portion of its gas distribution system in San Luis Obispo County. In addition, Southern Counties owns a 10-inch gas transmission main extending southwesterly from Section 36, T22S, R17E, M.D.B.&M. in Kings County through Kings, Kern and San Luis Obispo Counties to a location in the vicinity of Pacific's Morro Bay Steam Electric Generating Plant in San Luis Obispo County.

Pacific owns a 20-inch transmission main, designated as Main No. 306, extending from its Kettleman Compressor Station in Kings County southwesterly through Kings, Monterey, and San Luis Obispo Counties to its Morro Bay Steam Electric Generating Plant. Main No. 306 parallels the Southern Counties' 10-inch main, some five miles to the north thereof. Also both mains cross the aforementioned portion of San Luis Obsipo County now being served natural gas by Southern Counties in its Rate Area No. 19.

By joint Application No. 45065 filed concurrently with this application, these two utilities requested authorization for Southern Counties to expand its service area northerly and easterly of Rate Area No. 19 and for Pacific to establish a service area in San Luis Obispo County. Attached to the application, marked Exhibit B, and made a part thereof by reference, is a map showing the respective service areas requested in the concurrent Application No. 45065 as well as the aforementioned transmission facilities of the applicants.

In order that a substantial saving may be accomplished in serving any prospective customer within these two service areas or in open territory adjacent thereto, the joint letter agreement in this application provides, principally, for tapping either applicant's transmission mains which traverses the service area of the other applicant.

The agreement further provides that gas so served by either applicant from the other's mains will be replaced in like amounts concurrently at agreed upon exchange points. An applicant receiving gas under the exchange agreement shall pay the delivering company a service fee of two cent (2¢) per Mcf. The gas exchange agreement also contains provisions covering installation of taps,

meters and regulators; inspection of facilities, quality of exchange gases, the assignment of costs in making an exchange, and termination of this contract.

The contract provides that it shall at all times be subject to such changes and/or modifications as this Commission may, from time to time, direct in the exercise of its jurisdiction.

The agreement is to become effective when authorized by this Commission and the initial term shall be for a period of five years therefrom. Continuation thereafter to be from year to year until terminated at the end of the initial term or any subsequent year on twelve months' prior written notice by either party to the other.

This contract is contingent upon Pacific obtaining a certificate of public convenience and necessity to exercise the right, privilege and franchise granted to this utility by Ordinance No. 607 of the Board of Supervisors of San Luis Obispo County. By Application No. 45094 issuance of such a certificate has been requested.

The Commission has considered the request of applicant and finds and concludes that the, herein, agreement is not adverse to the public interest, that the application should be granted and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED that applicants be and they are authorized to carry out the terms and conditions of the written agreement dated November 1, 1962 between Pacific Gas and Electric Company and Southern Counties Gas Company of California, and to render the services described therein under the terms, charges and conditions stated therein.

IT IS HEREBY FURTHER ORDERED that:

1. Applicants shall file with the Commission within thirty days after the effective date of this order four certified copies of the agreement as executed, together with a statement of the date on which the agreement is deemed to have become effective.

2. Applicants shall notify the Commission, in writing, of the date of termination of said agreement within thirty days from and after said date of termination.

3. Applicants shall file with this Commission, within thirty days after the effective date of this order and in conformity with General Order No. 96-A, a revised list of contracts and deviations, including the agreement herein authorized. Such list shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

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

Dated at San Francisco, California, this 20th day of AUGUST, 1963.

William L. Brown
President

George L. Brown

Frederick B. Hallock
Commissioners