

**ORIGINAL**Decision No. 68894

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 with RESERVE OIL AND GAS )  
COMPANY for the sale of firm and )  
interruptible natural gas. )  
(Gas) )

Application No. 47425  
(Filed March 19, 1965)

O P I N I O N

Southern California Gas Company requests authority to carry out a written agreement with Reserve Oil and Gas Company, dated March 2, 1965, relating to the supply by Southern California Gas Company of interruptible natural gas to Reserve Oil and Gas Company for use as a raw material in the production of liquid ammonia and for operation of gas-fired equipment in Reserve's plant at 13555 - 11th Avenue, Hanford, California and to grant such additional or different authorization as the Commission may deem to be appropriate.

The agreement provides that Reserve Oil and Gas Company shall take through a single meter interruptible natural gas under Schedule No. G-50A in combination with firm natural gas service under Schedule No. G-6 to be used as follows:

- a. Interruptible gas primarily as a raw material and also for process gas.
- b. Firm gas service for an auxiliary steam generator with a firm fuel requirement of 1500 cubic feet per hour.

Before demanding or accepting delivery of any interruptible natural gas during any one month Reserve Oil and Gas Company will take delivery under Firm Natural Gas Service Rate Schedule No. G-6 of 1,080,000 cubic feet of natural gas during such month. Southern

California Gas Company's obligation to supply natural gas under the provisions of Firm Natural Gas Service Schedule No. G-6 shall be limited to 36,000 cubic feet during any one day and 1,080,000 cubic feet during any one month.

The agreement is to become effective upon authorization by the Commission and will remain in force for an initial term of three years from the date of initial service to Reserve Oil and Gas Company, and will continue in force and effect thereafter unless terminated by either party upon 30 days' written notice. The contract contains a provision that it shall, at all times, be subject to change or modification by this Commission in the exercise of its jurisdiction.

Applicant alleges that its request for authorization to carry out the agreement is made pursuant to Section 532 of the Public Utilities Code and Section X, Paragraph A, of the Commission's General Order No. 96-A, because the service to be rendered under the agreement deviates from Special Condition No. 2 of Southern California Gas Company's Schedule No. G-50A, Optional Interruptible Natural Gas Service, in that Reserve Oil and Gas Company will not be required to provide standby fuel, equipment and qualified attendance in the event of curtailment of the supply of interruptible gas. Applicant states that except for this the agreement is in accordance with applicant's filed tariff schedules.

Applicant alleges further, in support of the requested authority, that Reserve Oil and Gas Company has advised that no other material can be used as standby during periods of interruption, since natural gas is the raw material for the process which it will use to produce liquid ammonia and that in the event service is interrupted for raw material gas to the liquid ammonia plant then the plant will be shut down until natural gas becomes available. Therefore, standby facilities in this process will serve no purpose. Reserve Oil and

Gas Company also asserts that in the case of curtailment of the supply of natural gas to the liquid ammonia plant at Hanford (1) no damage to the equipment or reactors will occur, (2) no employees will be laid off as a direct result of interruption of gas service, and (3) normal deliveries of liquid ammonia can be made from bulk storage facilities.

Applicant refers to other industries both in its service area and in Pacific Gas and Electric Company's service area, which pursuant to previous authorizations granted by this Commission, <sup>1/</sup> are supplied interruptible natural gas without the requirement of standby facilities where it is not possible to utilize standby.

We find that the agreement herein for supply by Southern California Gas Company of interruptible gas to Reserve Oil and Gas Company, dated March 2, 1965, is not adverse to the public interest. The agreement should be authorized in accordance with the ensuing order.

A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Southern California Gas Company, after the effective date of this order, may carry out the terms and conditions of the agreement with Reserve Oil and Gas Company, dated March 2, 1965 (Exhibit A attached to the application herein) and may deviate from Special Condition No. 2 of its Schedule No. G-50A, Optional Interruptible

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<sup>1/</sup> Hercules Powder Company, California Ammonia Company, Bethlehem Pacific Coast Steel Corporation, Valley Nitrogen Producers, Inc., Union Carbide Corporation, Continental Carbon Company, and United Carbon Company, Inc., Decisions Nos. 50396, 57466, 57376, 58321, 62013, 62076, and 62851.

Natural Gas Service, to the extent required by and in accordance with the terms and conditions of said agreement.

2. Applicant shall file with this Commission, within thirty days after the effective date of this order, four certified copies of the letter agreement dated March 2, 1965, as executed.

3. Applicant shall notify this Commission, in writing, of the date service is first furnished under the agreement, within thirty days after such commencement of service.

4. Applicant shall notify this Commission of the date of termination of said contract within thirty days from and after said date of termination.

5. Applicant shall file with this Commission, in conformity with General Order No. 96-A, a revised summary list of contracts and deviations to include the contract herein authorized. Such list shall become effective upon five days' notice to the Commission and the public as hereinabove provided.

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

Dated at San Francisco, California, this 2<sup>nd</sup> day of APRIL, 1965.

Frederick B. Holmoff  
President

John E. Mitchell

George L. Hoover

Augustus

William L. Blum  
Commissioners