

ORIGINALDecision No. 70099

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 PACIFIC GAS AND ELECTRIC COMPANY for
 authority to carry out an agreement
 dated August 18, 1965, with CALIFORNIA
 AMMONIA COMPANY for the sale of
 interruptible natural gas.
 (Gas)

Application No. 48033
 Filed November 4, 1965

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) requests an order of the Commission authorizing it to carry out the terms and conditions of a contract dated August 18, 1965, with California Ammonia Company (Ammonia Company). This contract provides for the sale of interruptible gas under Schedule No. G-53 to Ammonia Company's anhydrous ammonia plant located south of Lathrop except that Ammonia Company shall not be required to provide standby facilities for gas used in the manufacture of ammonia as required in that schedule. A copy of the contract is attached to the application, marked Exhibit A, and by reference made a part hereof for all purposes.

Pacific agrees to sell and deliver to Ammonia Company such quantities of interruptible gas, up to but not exceeding a maximum rate of flow of 600,000 cubic feet per hour, which is required for the principal source of raw materials in the manufacture of anhydrous ammonia and as the exclusive fuel for its equipment at its anhydrous ammonia plant. Applicant estimates that it will receive an annual gross revenue of approximately \$1,250,000 from the sale of interruptible gas to Ammonia Company.

The process of manufacturing anhydrous ammonia obtains hydrogen from raw natural gas by reacting the gas with air and steam

at high pressure and temperature. Close control of the reaction is required and a nickel catalyst specially prepared for this purpose is used in the process. The catalyst could be damaged and the equipment clogged if liquid petroleum gas were used as a standby raw material. Therefore, standby facilities in this process would serve no purpose.

Pacific heretofore furnished Ammonia Company interruptible natural gas for the manufacture of anhydrous ammonia without standby facilities under an agreement dated July 8, 1958, as amended, and authorized by Decision No. 57466, dated October 15, 1958, in Application No. 40321. This agreement was canceled on December 8, 1963, as Ammonia Company decided to take its entire supply of natural gas from Occidental Petroleum Corporation's McMullin Ranch field. Ammonia Company's requirements have since increased and Occidental is unable to supply the full plant requirements.

The three-year agreement is subject to annual renewal after the initial term and contains the provision that it shall not become effective until the Commission, by its order, authorizes applicant to carry out the terms and provisions thereof, and shall at all times be subject to such changes or modifications by the Commission as it may, from time to time, direct in the exercise of its jurisdiction.

The Commission finds that the agreement of August 18, 1965 between Pacific and Ammonia Company is not adverse to the public interest. A public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that:

1. Applicant is authorized to carry out the terms of an agreement dated August 18, 1965, with the California Ammonia Company.
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.

4. Applicant shall file with this Commission, in compliance with G.O. 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 ten days after the date hereof.

Dated at San Francisco, California, this 21st day of December, 1965.

Frederick B. Halchoff
President
John C. Mitchell
George J. Hoover
Augustin
William L. Bernd
Commissioners