

JR/jmd

ORIGINAL

Decision No. 79751

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC LIGHTING SERVICE COMPANY under
Section 1001 of the Public Utilities
Code for a Certificate that public
convenience and necessity require the
acquisition and operation of an under-
ground gas storage reservoir and the
construction, operation and maintenance
of a compressor plant and related
facilities for underground storage of
natural gas in the Sesnon and Frew Zones
of the Aliso Canyon Field in Los Angeles
County.

Application No. 53097
(Filed January 17, 1972)

O P I N I O N

Pacific Lighting Service Company requests an order of the Commission, pursuant to Section 1001 of the Public Utilities Code, declaring that the present and future public convenience and necessity require and will require the acquisition and operation of an underground natural gas storage reservoir and the construction, operation and maintenance of a compressor plant and related facilities for storage of natural gas in the Sesnon and Frew Zones of the Aliso Canyon Field in Los Angeles County.

Applicant purchases, transmits and stores natural gas for sale exclusively to its affiliate, Southern California Gas Company. To fulfill the natural gas needs of firm customers applicant and Southern California Gas Company maintain an adequate margin of supply over the system's extreme peak day firm requirements by means of storing natural gas in underground reservoirs. Although current peak day deliverability of existing reservoirs is approximately 1,800 MMcf/d additional deliverability is necessary to satisfy future requirements. To assure the future needs of Southern

California Gas Company, applicant and its non-utility affiliate, Pacific Lighting Exploration Company, have entered into an agreement to purchase all rights, title and interest in the Sesnon and Frew Zones of the Aliso Canyon Field, located on the south slope of the Santa Susana Mountains, 5 miles south of the town of Newhall. According to applicant it is the only major reservoir in the Los Angeles Basin with both an extremely large volume of gas in place and a large potential working capacity favorably located to its major gas pipeline system and load centers of applicant. The Sesnon Zone is located at a depth of 7,600 to 9,100 feet and the Frew Zone is located at a depth of 8,650 to 9,075 feet.

In December 1971, applicant and Pacific Lighting Exploration Company entered into a Letter of Intent with the Getty Oil Company, Standard Oil Company of California and other individual interests to purchase all rights, title and interest in the Sesnon and Frew Zones of the Aliso Canyon Field for a total consideration of \$26,200,000; subject to a proportionate reduction in the event it is not possible to acquire all of the rights of the Federal Government and certain other minor interests in the Sesnon and Frew Zones. According to the terms of the Letter of Intent, 20 percent of the consideration is payable upon close of escrow with the balance payable on demand six months after such date. Applicant is also acquiring all surface rights in the Unit Area of the field and certain adjacent, peripheral land so as to create a buffer zone separating the operating gas storage area from the surrounding community at an additional cost of \$2,500,000.

The oil rights associated with the Sesnon and Frew Zones will be purchased by PLECO, an affiliate of the applicant, for \$2,500,000. The applicant by letter dated February 11, 1972, furnished the development of the value of oil rights to be purchased by PLECO and the gas to be purchased by applicant. This letter is received as Exhibit 1 in this proceeding.

A letter dated February 11, 1972, and titled "Application No. 53097 - re Community and Environmental Factors", which is received in evidence as Exhibit 2 in this proceeding, discusses separately the effect of applicant's request on community values, recreational and park areas, historical and aesthetic values and influence on environment. This exhibit shows that the facility is located in a fairly remote hilly area. The additional facilities to be installed by applicant will be separated from any populated area by intervening hills. To the extent the facility aids in providing a greater use of gas in the applicant's service area, the facility will actually improve community values and have a beneficial influence on the environment.

Applicant proposes to install a compressor plant, pipelines, and other facilities for the operation of a gas storage reservoir capable of providing a maximum hourly rate in the 1972-73 and 1973-74 winter seasons equivalent to 500 MMcf/d and 750 MMcf/d, respectively.

Applicant estimates the development cost of the project over a three-year period at \$25,345,000 and the annual cost of service at \$8,346,000. Temporary financing for the project will be obtained from applicant's parent company, Pacific Lighting Corporation, in the form of short term borrowing on the open-account maintained with the parent. Applicant expects that such temporary financing will be replaced by permanent financing subject to Commission approval.

After consideration the Commission finds that the present and future public convenience and necessity require the acquisition by applicant of the Sesnon and Frew Zones of the Aliso Canyon Field,

surface rights in the Unit Area and adjacent, peripheral land; the construction, completion, operation, maintenance and use by applicant of said underground gas storage project, the compressor plant and facilities and the use by it of all lands; and the exercise of all other rights, permits, easements, and franchises which may be used or useful in connection with the construction, completion, operation, maintenance and use of said project, compressor plant and facilities. However, the applicant is placed on notice that the authorization herein granted is not to be construed as a finding of value of the applicant's facility nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

The certificate issued herein is subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such a certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

A public hearing is not necessary. The Commission concludes that the application should be granted in the manner set forth in the ensuing order.

O R D E R

IT IS ORDERED that a certificate of public convenience and necessity is hereby granted to Pacific Lighting Service Company pursuant to Section 1001 of the Public Utilities Code authorizing the acquisition of Sesnon and Frew Zones of the Aliso Canyon Field, surface rights in the Unit Area, and adjacent, peripheral land; the construction, completion, operation, maintenance and use of said underground gas storage project, the compressor plant and facilities

and the use of all lands; and the exercise of all other rights, permits, easements, and franchises which may be used or useful in connection with the completion, operation, maintenance and use of said project, compressor plant and facilities.

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

Dated at San Francisco, California, this 23rd
day of FEBRUARY, 1972.

William Symons, Jr. Chairman
James L. Stinson
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.