

Decision No. 83923

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's  
Own Motion into the Adequacy and  
Reliability of the Energy and Fuel  
Requirements and Supply of the  
Electric Public Utilities in the  
State of California.

Case No. 9581

And Related Matters.

Case No. 9642  
Case No. 9723  
Case No. 9734  
Case No. 9735

SUPPLEMENTAL INTERIM OPINION

In Decision No. 83612 dated October 16, 1974 we recognized the problems of the petrochemical industry in obtaining alternate feedstocks and authorized Southern California Gas Company (SoCal) to furnish Collier Carbon and Chemical Corp. natural gas for up to 12 months at a higher level of service. In authorizing this change we noted the benefits to the citizens of California and indicated that the existing petrochemical customers on the SoCal system, referred to in Exhibit 160, would be considered in a forthcoming order.

Discussion

The record establishes the dependence upon natural gas as a feedstock for the petrochemical industry and its inability to substitute alternate fuels. SoCal's seven petrochemical customers, referred to in Exhibit 160, and their present priority assignment are as follows:

<u>Company</u>	<u>Curtailment Block</u>
1. Linde Company Division of Union Carbide Corp. (Linde)	B
2. Carbon Black and Synthetic Rubber - Division of Ashland Chemical Co. (Ashland)	B
3. Valley Nitrogen Products Inc. (Valley Nitrogen)	B
4. Pennzoil Chemical, Inc. (Pennzoil)	C
5. Toscopetro Corp. (Toscopetro)	A
6. California Oil Purification Co. (COPCO)	C
7. Collier Carbon and Chemical Corp. (Collier)	B

Collier was granted certain relief by Decision No. 83612 and can obtain additional relief under an exchange agreement SoCal has with a California gas producer. Pennzoil and COPCO are presently assigned to C Block priority and, under the average year assumptions shown in Exhibit 160, will experience as little as one equivalent day of curtailment during calendar year 1975. No additional relief or reduced exposure to curtailment will be granted to those customers in the order which follows.

Ashland, a producer of carbon black using natural gas as a feedstock, is currently assigned to B Block priority. Under this curtailment block Ashland risks exposure to at least 19 equivalent days of curtailment during 1975. However, the public benefit of reducing Ashland's risk of curtailment to the detriment of other interruptible customers has not been demonstrated and no improvement in Ashland's curtailment position will be authorized at this time.

Linde, Valley Nitrogen, and Toscopetro are similarly situated in that they use natural gas as a feedstock, have no standby facilities or present capability of using an alternate fuel, provide products with broad public benefits, and risk exposure to considerable curtailment during 1975. While realizing that any additional natural gas made available to these customers will cause an equivalent

diminution of available supplies for other interruptible customers on the SoCal system, we conclude that some improvement in the curtailment position of these customers should be allowed.

Since Decision No. 83819 dated December 10, 1974 orders hearings on the feasibility of establishing an end-use system of priorities, the authority granted herein will be effective until December 31, 1975 or the issuance of a decision on overall service priorities, whichever comes first.

Findings

1. Some of the petrochemical customers of SoCal who use natural gas for feedstock purposes may face substantial curtailments during 1975.
2. Such customers have no standby facilities or capability of using an alternate fuel at the present time.
3. It is reasonable to allow an improvement in the curtailment position of these customers, whose products have broad public benefits, and place the burden on other interruptible customers who have the ability to use alternate fuels.

SUPPLEMENTAL INTERIM ORDER

IT IS ORDERED that:

1. On or before January 31, 1975 Southern California Gas Company shall allow Linde Company, Division of Union Carbide, Valley Nitrogen Products, Inc., and Toscopetro Corp. to transfer to Schedule G-50, C Block priority at the applicable rates.
2. Southern California Gas Company shall notify all interruptible customers affected by this order of the estimated deliveries for 1975 under the resulting change in priorities by February 28, 1975.

3. In the absence of a decision on service priorities this authorization will terminate on December 31, 1975.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 30<sup>th</sup>  
day of DECEMBER, 1974.

Vernon L. Sturgeon  
President  
William Symons  
Thomas Moran  
Robert E. McDavid  
Commissioners