

Decision No. 84890

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

JOHNS-MANVILLE FIBER GLASS INC.,
a corporation,

Complainant,

v.

PACIFIC GAS AND ELECTRIC COMPANY,
a corporation,

Defendant.

Case No. 9734
(Filed May 13, 1974)

JOHNS-MANVILLE FIBER GLASS INC.,
a corporation,

Complainant,

v.

SOUTHERN CALIFORNIA GAS COMPANY,
a corporation,

Defendant.

Case No. 9735
(Filed May 13, 1974)

(Appearances are listed in Appendix A.)

O P I N I O N

On March 29, 1974 complainant Johns-Manville Fiber Glass Inc. (J-M), by letter, requested defendant Southern California Gas Company (SoCal) to supply 1,046,676,000 cubic feet of natural gas for twelve months beginning November 1, 1974 for its plant located at Corona, California. By letter dated March 29, 1974, SoCal denied the request pursuant to its Gas Rules 19 and 23.

By letter dated April 25, 1974, J-M requested firm natural gas service of 2,400 Mcf per day for its plant located at Willows,

California, from defendant Pacific Gas and Electric Company (PG&E). By letter dated May 6, 1974, PG&E refused the request stating that pursuant to its Gas Rule 19 firm service could be supplied up to 200 Mcf per day, and that any excess must be on an interruptible basis.

On May 13, 1974 the subject complaints were filed alleging abuse of discretion in the application of filed tariffs and prayed for a Commission order to grant the requested firm service.

On November 19, 1974 the Commission granted the motion of the parties to consolidate the subject complaints with Case No. 9642, the Commission investigation into the natural gas supply and requirements of the state's gas public utilities.

Pursuant to Decision No. 83819 dated December 10, 1974 in Case No. 9642, hearings were held in San Francisco, Los Angeles, and San Diego on April 21-25, April 28-30, May 1-2, May 19-23, June 16-20, and June 30, 1975 to take evidence for the establishment of a state-wide end-use priority system for the allocation of natural gas.

On March 11, 1975 the Commission in Case No. 9884 on its own motion instituted an investigation into the establishment of priorities of customers and uses of natural gas. The Commission therein noted that since July 1973 it has been conducting, in Cases Nos. 9581 and 9642, an ongoing investigation into the adequacy and reliability of the energy and fuel requirements of the state's gas and electric public utilities.

On April 30 and May 1, 1975 J-M presented four witnesses to support its request to transfer to a firm service schedule. The thrust of their presentation was that J-M supported the end-use priority allocation concept, that its production facilities use natural gas as a process fuel to produce fiberglass insulation, that propane is the only alternate fuel and it is in short supply, that fiberglass insulation should be promoted by the Commission as an energy conservation tool, and that the producers of fiberglass insulation should enjoy a high priority for natural gas service because of energy conservation.

At the conclusion of J-M's presentation, SoCal and PG&E each moved that the subject complaints be dismissed for failure of complainant to sustain the burden of proof that the utilities improperly applied their tariff rules.

The record in Case No. 9642 clearly demonstrates the seriousness of the natural gas situation confronting the gas distribution utilities. This has been pointed out in several past Commission decisions and need not be repeated herein (see Decision No. 81931 dated September 25, 1973, Decision No. 82139 dated November 13, 1973, Decision No. 83612 dated October 16, 1974, and Decision No. 83819 dated December 10, 1974).

Hearings in Case No. 9642 on the adoption of an end-use priority system of allocation of natural gas have been completed and concurrent briefs have been filed. Testimony and evidence have established some industrial dependence on natural gas for a feedstock and process fuel. The record also discloses that the utilities filed and implemented, with Commission approval, tariff rules which preclude a customer from elevating himself to a higher level of service because of the present critical supply and projected continuing decline in reserves of natural gas. Under these circumstances to grant the requested relief would be premature to the establishment of an end-use priority system and not in the public interest. Any change in priorities of service must await a decision in Case No. 9642.

Findings and Conclusions

1. J-M manufactures fiberglass insulation in 3 plants in California.
2. Natural gas is used in the manufacture of fiberglass insulation as a process fuel.
3. J-M is presently receiving natural gas from SoCal and PG&E on interruptible schedules.
4. J-M requested SoCal and PG&E to furnish natural gas on firm schedules.

5. SoCal and PG&E denied J-M's request based on tariffs on file with this Commission.

6. SoCal and PG&E correctly interpreted their tariff rules in rejecting J-M's request for firm natural gas service.

7. J-M's status as a consumer of natural gas will be determined when a decision on priorities of service in Case No. 9642 is issued.

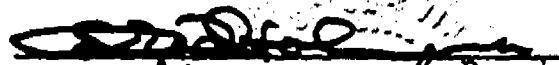
8. The relief requested in Cases Nos. 9734 and 9735 should be denied.

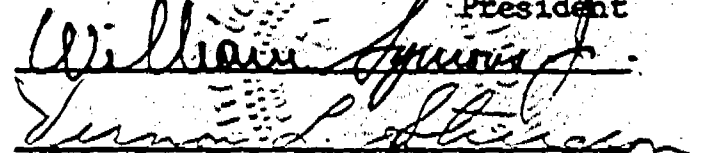
O R D E R


IT IS ORDERED that the relief requested in Cases Nos. 9734 and 9735 is denied.

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

Dated at San Francisco, California, this 10th day of SEPTEMBER, 1975.



President




Commissioners

Commissioner Robert Batimovich, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
Page 1 of 4

LIST OF APPEARANCES

Complainant: George Mabry, Attorney at Law, for Johns-Manville Fiber Glass Inc.

Defendants: Bernard J. Della Santa, Malcolm H. Furbush, and John G. Morrissey, Attorneys at Law, for Pacific Gas and Electric Company; and K. R. Edsall and David B. Follett, Attorneys at Law, and John C. Abram, for Southern California Gas Company.

Interested Parties: Chickering & Gregory, by C. Hayden Ames, David A. Lawson, III, and Edward P. Nelsen, Attorneys at Law, John H. Woy, Paul L. Hathaway, Jr., and Stanley Jewell, General Counsel, for San Diego Gas & Electric Company; Dennis G. Monge, Attorney at Law, for Southern California Edison Company; Harvey L. Brown, John P. Vetromile, and Donald J. Carman, for California Pacific Utilities Co.; Ralph P. Cromer, John Madariaga, and Richard G. Campbell, General Counsel, for Sierra Pacific Power Company; A. E. Engel, for Plumas-Sierra Rural Electric Cooperative, Inc.; Ivan Lewis Gold and Robert F. Harrington, Attorneys at Law, and George L. Rodgers, Corporation Counsel, for Pacific Power & Light Company; Charles H. McCrea, General Counsel, for Southwest Gas Corporation; Cecilia Arnold, for Bay Point Light & Power Company; Mrs. H. Dambacher, for Alex Brown Electric Plant; W. V. Caveney, for Southern California Water Co.; Donald W. Hicks, for Surprise Valley Electrification Corp.; O. M. Spear, for Valley Electric Association; P. F. Stewart, for Del Norte Gas Company and Garberville Gas Corporation; Carl Swanson, for Lake County Utility Company; D. F. McClendon, for McCloud Gas Company, Inc.; J. C. Abram, for Pacific Lighting Service Company; R. J. Munzer, for Petrolane Sierra Gas Service; Dean W. Knight, for Rolling Green Utilities, Inc.; N. W. Waltenspiel, for Russian River Gas Company, Inc.; George Pangborn, for The Sea Ranch Gas and Water Co.; E. H. Schneider, for Siskiyou Vangas.

Interested Parties: Lou A. Papais, for Ad-Art, Inc.; G. J. Whittlinger, for Anza Electric Cooperative, Inc.; Lee Adler, for California Grain & Feed Association; Robert M. Aran, Attorney at Law, for California Electric Sign Association; Vaughan, Paul & Lyons, by John G. Lyons, Attorney at Law, and Sidney H. Bierly, for California Fertilizer Association; Edward A. Boehler, for California Ammonia Company; W. J. Bogaard, Attorney at Law, for California State Outdoor Advertising Association; Goerge C. Bond and Kenneth L. Riedman, Jr., Attorneys at Law, for Union Oil Company of California; C. Rex Boyd and John L. Williford, Attorneys at Law, for Phillips Petroleum Company; James T. Brodie, for Pasadena Water and Power;

APPENDIX A
Page 2 of 4

Donald G. Burns, for Swimming Pool Industry Energy Conservation Task Force; Brobeck, Phleger & Harrison, by Gordon E. Davis and Robert N. Lowry, Attorneys at Law, and Robert E. Burt, for California Manufacturers Association; Tom Burton, Attorney at Law, and R. R. Fritz, for Continental Oil Company; Pillsbury, Madison & Sutro, by James L. Wanvig, Attorney at Law, and Noel Dyer, Attorney at Law, and C. J. Carlton, for Standard Oil Company of California; Grant Cattaneo, for California Hospital Association; James A. Chilko, for National Electrical Contractors Association; Edward E. Clark and D. A. Preavy, Attorneys at Law, for Atlantic Richfield Company; J. T. Hugill, for Liquid Air, Inc.; Edwin S. Hurst and Walter Shellshear, for Gulf Oil; Scott Poole, for Gulf Oil Company of California; LeRoy Jackson, Attorney at Law, and John McKinnon, for City of Torrance; Ronald L. Johnson, Attorney at Law, and William Shaffran, Deputy City Attorney, for City of San Diego; Thomas G. Johnson, James W. McCartney, Earl A. Radford, William G. Riddoch, Chester D. Walz, and William A. Wood, Jr., Attorneys at Law, for Shell Oil Company; Gordon B. Jones, for The Irvine Company; Donald W. Kolstad and Robert L. Schmalz, Attorneys at Law, for Amstar Corporation; Thomas A. Lance, Attorney at Law, for The Atchison, Topeka & Santa Fe Railway Company; Thomas M. O'Connor, City Attorney, and Robert R. Laughead, for City and County of San Francisco; Walter C. Leist, John R. Morgan, and R. F. Smith, for Union Carbide Corporation - Linde Division; Archie A. Messenger, for Union Carbide Corporation; Henry F. Lippitt, II, Attorney at Law, for California Gas Producers Association; Skornia, Rosenblum & Geyman, by Thomas A. Skornia, Attorney at Law, and Robert Lorenzini, for WEMA; Corbett, Welden, Kane & Hartman, by Jacquines R. Welden, Attorney at Law, and Robert A. Loudon, for American Sign & Indicator Corporation; Robert G. Lunche and John S. Nevitt, for Los Angeles County Air Pollution Control District; Lawrence S. Luton and Paula L. Nuschke, for Program in Public Policy Studies of the Claremont Colleges; Thomas W. Lynch, Attorney at Law, for Amerada Hess Corporation; N. W. Matthews, for Surprise Valley Electrification Corporation; McDonough, Holland, Schwartz & Allen, by Martin McDonough, Attorney at Law, for Northern California Power Agency; M. E. Moseley, for San Gabriel Water Company; Robert N. Noyce, for Intel Corporation; Dave W. Paradis, for Arcadia Chamber of Commerce; Louis Possner, for City of Long Beach, Bureau of Franchises and Public Utilities; Robert O. Randall, for Suburban Water Systems; Don Reining, for Southern California Rock Products Association; Gerson Ribnick, for The Heating & Air Conditioning Industry of the State of California; Robert W. Russell, for City of Los Angeles, Department of Public Utilities and Transportation; Sylvia M. Siegel, for Consumer Federation of California, et al.; Howard J. Smiley, for

APPENDIX A
Page 3 of 4

California Broadcasters Association; James F. Sorensen, for Friant Water Users Association; Jan Staklis, for State Department of Water Resources; William E. Still, Attorney at Law, for Southern Pacific Transportation Company; Glicksberg, Kushner & Goldberg, by Terrance L. Stinnett, Attorney at Law, for Optical Coating Laboratory; Lawrence J. Straw, Jr., Attorney at Law, for Mobile Oil Corporation; Robert L. Sullivan, Attorney at Law, for Sun Oil Company; Robert W. Thompson, for Metropolitan Water District of Southern California; Bert Trask, for California Trucking Association; Philip Tyner, for Powerline Oil Company; R. D. Copley, Jr. and L. E. Kell, Attorneys at Law, for Getty Oil Company; Lawler, Felix & Hall, by Richard D. De Luce, Attorney at Law, and William F. Marsh, for Air Products & Chemicals, Inc.; Arthur T. Devine, Ralph Guy Wesson, and Frederick H. Kranz, Jr., Attorneys at Law, for City of Los Angeles, Department of Water & Power; Col. Frank J. Dorsey, Attorney at Law, for Executive Agencies of the U.S.A., Office of the Staff Judge Advocate; Cassandra Dunn, Attorney at Law, for U.S. Environmental Protection Agency; Alan R. Watts, Attorney at Law, George H. Edwards, and Henry Wiley, for City of Anaheim; William H. Edwards, Attorney at Law, Ralph O. Hubbard, and William L. Knecht, for California Farm Bureau Federation; William H. Fell and Richard L. Young, for City of Glendale; E. J. Ferguson, for County of Orange; Donald F. X. Finn, for Geothermal Energy Institute; William R. Frehse, for Federal Aviation Administration; C. H. Fuller, Jr., for California Coin-op Association; Gerald Geiger, for Energy Crisis Task Force; Albert Gluckson, Attorney at Law, for Computer Sciences Corporation; Charles L. Hair and Kenneth J. Mellor, for Sacramento Municipal Utility District; James Hamersley, Attorney at Law, for Aluminum Recycling Association; Walker Hannon, for Suburban Water Systems; Argue, Preston & Myers, by Stephen F. Harbison, Attorney at Law, for Armco Steel Corporation; Howry, Simon, Baker & Murchison, by Richard S. Harrell, Attorney at Law, for American Olean Tile Co., Inc.; William R. Harris, for The Rand Corporation; A. M. Hart and Kenneth K. Okel, Attorneys at Law, for General Telephone Company of California; Walter W. Henderson, Attorney at Law, for El Paso Natural Gas Company; William R. Veal, Attorney at Law, for Exxon Company, U.S.A.; William D. Watt, for California & Hawaiian Sugar Co.; John W. Whitsett, Deputy County Counsel, for County of Los Angeles; James D. Woodburn, for City of Burbank; Joel S. Wight, Attorney at Law, for General Electric Company; Boris H. Lakusta, Attorney at Law, and John Clark, for Collier Carbon & Chemical Corporation; Dunne, Phelps & Mills, by Robert M. Dunne, Attorney at Law, for ADOGA; Morrison, Foerster, Holloway, Clinton & Clark, by James J. Garrett, Attorney at Law, for Hercules Incorporated;

APPENDIX A
Page 4 of 4

Milton J. Carlson, for Union Sugar, Division of Consolidated Foods Co.; Charles J. Maxwell, for Interpace Corporation; Downey, Brand, Seymour & Rohwer, by Philip A. Stohr, Attorney at Law, for General Motors Corporation; John P. Mathis, Attorney at Law, for Baker & Botts; Dr. J. O. Bray, for Stanford Research Institute; Warren Williams, Attorney at Law, for Valley Nitrogen Products Inc.

Commission Staff: Rufus G. Thayer, Jr., Attorney at Law, Page E. Golsan, John E. Johnson, and Colin Garrity.