

ORIGINAL

Decision No. 84923

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
SOUTHERN CALIFORNIA GAS COMPANY, a  
corporation, under Section 1001 of  
the Public Utilities Code, for a  
Certificate that Public Convenience  
and Necessity require the acquisition  
and operation of an underground stor-  
age reservoir and the construction,  
operation and maintenance of a com-  
pressor plant and related facilities  
for underground storage of natural  
gas in the Wayside Equivalent Zone  
of the Honor Rancho Oil Field in  
Los Angeles County.

Application No. 55319  
(Filed November 26, 1974;  
amended May 1, 1975)

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by Leonard L. Snaider, Deputy City Attorney,  
for City of Los Angeles; R. E. Woodbury,  
H. R. Barnes, and Norman G. Kuch, Attorney  
at Law, for Southern California Edison  
Company; and Henry F. Lippitt, II, Attorney at  
Law, for California Gas Producers Association;  
interested parties.

Peter Arth, Jr., Attorney at Law, for the  
Commission staff.

O P I N I O N

Southern California Gas Company (SoCal) seeks an order of  
the Commission granting a certificate that the present and future  
public convenience and necessity will require the acquisition and

operation of an underground natural gas storage reservoir and the construction, operation, and maintenance of a compressor plant, wells, and related facilities for storage of natural gas in the Wayside Equivalent Zone of the Honor Rancho Oil Field located approximately one mile northeast of Castaic Junction and adjacent to Interstate Highway 5 in northern Los Angeles County, California.

The application complies with the requirements of the California Environmental Quality Act of 1970 (CEQA) as amended, the Guidelines for Implementation of CEQA by the Secretary for Resources (Guidelines), and this Commission's Rule 17.1.

The Commission staff prepared a draft Environmental Impact Report (EIR) pursuant to CEQA and filed a Notice of Completion on April 4, 1974. The Office of Planning and Research, State Clearinghouse acknowledged receipt of this Draft EIR and assigned State Clearinghouse No. 75041496 to the project.

On June 18 and 19, 1975 public hearings on all issues involved in the application were held before Examiner Norman R. Johnson in Los Angeles, California.

On July 17, 1975 the Examiner filed a Final EIR. Pursuant to Rule 17.1, all parties were advised that exceptions to the Final EIR should be filed not later than August 6, 1975 and replies to such exceptions could be filed within 15 days after service of the exceptions. There were no exceptions filed to this Final EIR.

#### Need for Project

Exhibit D (appended to the Final EIR) is the prepared testimony of SoCal's assistant vice president-gas supply and describes the need for the proposed project.

According to this testimony, the rapid decline in the availability of California and out-of-state gas necessitates additional peak-hour and peak-day deliverability as well as additional seasonal load equation capacity to meet the natural gas needs of SoCal's firm customers. The existing gas supply sources and facilities will purportedly provide a supply margin on a peak day of 755 MMcf in the 1974-75 winter season, 621 MMcf in the 1975-76 winter season, 166 MMcf in the 1976-77 winter season, and a supply deficiency of 196 MMcf in the 1977-78 winter season. According to this witness these conditions necessitate that added peak day deliverability be obtained prior to the 1976-77 winter season in order to provide for meeting the firm customers' requirements with an adequate margin.

The record shows that for the winter season 1976-77 the proposed project will increase deliverability of 857 MMcf for an extreme peak-day and 1,000 MMcf for an extreme peak-hour on an extreme peak-day. Further, the proposed project will increase the seasonal load equation capacity for use by firm and high priority interruptible users for 1976-77 and following years by 22.5 bcf.

A Commission staff engineer testified that, in his opinion, the proposed facility can correct an estimated natural gas supply deficiency which could occur beginning with the winter of 1976-77 and on this basis recommended approval of the project.

#### Description of Project

The principal physical facilities relate to the compression equipment, the field piping, the wells, the gas purification equipment, the utility oil and water systems, and the site preparation as detailed in the Final EIR and testimony of SoCal's witnesses.

The compression equipment, consisting primarily of five 5,500 horsepower De Laval gas engine driven reciprocating compressors, will compress gas from the transmission pipelines for injection into the storage field. The inlet pressure to the compressors will be about 500 psig and the outlet pressure will vary from about 650 psig to a maximum of 3,825 psig when the reservoir is at full capacity.

There will be five different field piping networks to: carry gas from the compression equipment to the injection wells for storage in the formation; carry gas from the withdrawal wells to the plant area for purification; carry brine from the plant area to each well in the event it is necessary to kill a well during an emergency; carry gas to 10 wells in the liquid zone of the field to lift the fluids from the reservoir; and carry liquids produced by the wells to the plant area. Where feasible, these five piping systems will be located in a common trench.

SoCal plans to utilize 23 existing wells and to drill 17 new wells for injection and/or withdrawal of gas. The existing wells will have to be reworked to assure that all mechanical equipment is compatible with the planned future use. The 17 new wells will each be located a minimum distance of 150 feet from any other well.

When gas is withdrawn from the storage reservoir, a certain amount of liquid and vapor will be produced with it. Most of this liquid and vapor will flow with the gas through the withdrawal piping to the purification equipment which will separate out the liquids, cool the gas and vapor, and contact it with glycol. The glycol will dry the gas so that hydrates will not form in the transmission piping system.

The liquids produced with the withdrawal gas and from the 10 lift wells will be treated to separate the oil from the oil field brine. The separated oil will be placed in storage tanks until such a time as it is sold and the oil field brine will be trucked to a water treatment facility near Santa Paula for treatment and eventual discharge to the ocean. The oil storage tanks will be equipped so as to recover hydrocarbon vapors. These storage tank hydrocarbon vapors together with the vapors to be recovered from the 10 gas lift wells will be piped to a Texaco gasoline plant located on the Los Angeles County Wayside Honor Farm about two miles northwest of the central plant. At the Texaco plant the hydrocarbon liquids will be removed and the remaining gas will be delivered to SoCal's transmission pipeline.

The principal site preparation will be the grading required for the central plant area and for the new well sites. In addition, two short sections of road will be built to provide better access to well sites and some grading will be done to stabilize steep banks at existing well sites.

The total estimated plant investment costs of \$66,245,000 are set forth by components in Exhibit 17. The estimated annual operation and maintenance expenses of \$4,404,000 are set forth in Exhibit 19. The total annual estimated cost of service of \$13,222,000 is set forth in Exhibit 21. This estimated cost of service is premised on a return of 8.5 percent on an average rate base of \$45,863,000, a depreciation, amortization, and depletion expense of \$2,065,000, and a credit for oil production of \$155,000.

The record shows that within the boundaries of the project area the property working interests are owned by Texaco, Inc. (Texaco), The Superior Oil Company (Superior), and The Newhall Land and Farming Company (Newhall); the surface rights are owned by Newhall, the county of Los Angeles (County), Lockheed Properties, Inc. (Lockheed), Southern California Edison Company (Edison), Pacific Telephone and Telegraph Company (Pacific), and the royalty interests are owned by County, Newhall, and the Estates of Alvin M. Dunn and Myrtle M. Dunn.

According to the testimony of SoCal's manager of special projects in the gas supply department, SoCal has executed agreements acquiring the working interests of Texaco, Superior, and Newhall; has agreed to purchase from Newhall its surface rights, royalty interest in gas, and other subsurface rights; has reached agreement with County's negotiations on the basic elements of the purchase and lease of its rights; has agreed to acquire the Superior and Newhall interests including those in the Lockheed property; and has acquired or will acquire all other required permits and/or interests.

#### Environmental Considerations

The Final EIR filed July 17, 1975 incorporated the Draft EIR (to which SoCal's EDS and comments thereon were appended) by reference. We have reviewed those documents and our findings are based upon the information set forth therein.

#### Findings

1. The acquisition and operation of the underground storage reservoir and the construction, operation, and maintenance of a compressor plant and related facilities described in this application are reasonably required to provide added peak deliverability to meet SoCal's firm customers' requirements with an adequate margin.

2. The California Public Utilities Commission is the lead agency for the proposed project.

3. The Final EIR, prepared by Examiner Norman R. Johnson, is hereby incorporated by reference and we certify that it was completed in compliance with CEQA and the Guidelines.

4. The Commission has reviewed and considered the information contained in the Final EIR.

5. Our findings on environmental factors are as follows:

- a. There are no adverse environmental impacts of the proposed action which have not been mitigated by the proposals put forth by SoCal.
- b. The unavoidable adverse environmental impacts which will result from the construction and operation of the proposed project are: i) the removal of relatively small amounts of protective vegetative cover which will result in some erosion until ground cover is re-established ii) waste water generated by operation of the facility will contain dissolved solids necessitating that it be transported to an off-site disposal facility, iii) the emission of additional quantities of air pollutants that will not have a significant impact on air quality, and iv) high noise levels in the immediate vicinity of the equipment will diminish as distance from the source increases and are not expected to be noticeable away from the site because of high ambient noise levels caused by nearby Interstate Highway No. 5.
- c. The mitigation measures proposed to minimize the impact of the proposed project are discussed in Part B, Section 3 of the EDS. These measures will involve the design of the project, construction techniques, and operation procedures and appear to be adequate. In addition, Data Request No. 104 in Appendix B of the Draft EIR discusses the energy conservation measures related to the program. These conservation measures include the use of small automobiles, reduction of internal energy use, and the careful selection and operation of compressors and other equipment. These measures appear adequate.

- d. The alternatives to the proposed project will not have a lesser environmental impact and will be economically disadvantaged in comparison to the proposed project. If the proposed project or its equivalent were not constructed, there would be some curtailment to firm customers, and SoCal's customers would turn to less environmentally desirable energy sources as discussed in Part B, Section 4.6 of the EDS.
- e. The long-term effect of the construction and operation of the proposed project is the continuing use of labor, quantities of natural gas, and other fossil fuels. These long-term effects are overcome by the beneficial effects of the load balancing resulting from the construction of the project.
- f. The only irreversible environmental effects of the proposed project are the irretrievable consumption of labor and energy required to construct and operate the facility, and the extraction of small quantities of oil from the storage field. Upon termination of the project all materials can be removed and re-used or sold as scrap and the land can be sold for recreational, agricultural, or other purposes.
- g. The project will produce insignificant growth-inducing impact on the area.
- h. No plans exist for any future changes in the proposed project.
- i. When the project becomes operational it should be included in SoCal's emergency contingency plan on file with LACAPCD.
- j. SoCal should obtain all permits and approvals listed on Table B, 9-1 of the EDS as modified by paragraph 5. o. of Chapter 1 of the Draft EIR.



6. A certificate of public convenience and necessity should be granted SoCal to acquire and operate an underground storage reservoir and to construct, operate, and maintain a compressor plant and related facilities as described herein.

The authorization granted by this decision is for the purpose of this proceeding only, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

Conclusions

1. SoCal should be granted a certificate of public convenience and necessity to acquire and operate an underground storage reservoir and to construct, operate, and maintain a compressor plant and related facilities as granted herein.

2. This Commission is the lead agency for this project.

3. The Final EIR has been completed in compliance with CEQA and the Guidelines.

4. This Commission has reviewed and considered the information contained in the Final EIR.

5. The findings relating to environmental factors set forth in Finding 5 are reasonable.

O R D E R

IT IS ORDERED that:


1. A certificate of public convenience and necessity is granted Southern California Gas Company to acquire and operate an underground storage reservoir and to construct, operate, and maintain a compressor plant and related facilities as described herein.

2. The authorization granted by this decision shall expire if not exercised within two years from the date hereof.

3. The Secretary of the Commission shall file a Notice of Determination with the Secretary for Resources and the planning agencies of any city or county which will be affected by the project authorized by this decision.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16th  
day of SEPTEMBER, 1975.

  
William L. Sturgeon President  
Vernon L. Sturgeon  
Leonard Rose  
Robert J. [illegible]  
Commissioners