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ORIGINAL

Decision No. 85535

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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| HEUBLEIN, INC., a corporation,<br>Complainant,<br>vs.<br>SOUTHERN CALIFORNIA GAS COMPANY, a corporation,<br>Defendant. | Case No. 9992<br>(Filed October 15, 1975) |

OPINION

Heublein, Inc. (HI), a corporation, operates a food processing plant in the city of Oxnard and is currently constructing a new plant in that city to replace its existing processing plant. A portion of HI's existing plant has been devoted to the processing of chile peppers since 1945 and a portion of HI's new plant will also be devoted to the processing of chile peppers. HI requests an order that the chile roasting operations at its new Oxnard facility be exempted from the standby fuel requirement imposed by Special Condition 2(a) of Southern California Gas Company's (SoCal) Schedule G-50. Meeting these requirements would allegedly cost over $160,000.

The processing of chile peppers involves roasting chiles to remove their skins. A chile pepper roaster consists of a ceramic or masonry cylinder through which chile peppers fall into an open flame. The play of flame directly on the chile peppers roasts their skins, which are then removed from the chiles in a separate washing operation. HI states that this process is the only known commercially economic method of peeling chile peppers.

HI alleges that because of the necessity to expose the chile peppers directly to the open flame of the roaster that natural gas is the only known fuel which can be safely used for this operatior that oil-fired flames are not feasible because placing the product directly in the flame may result in oil contamination of the chiles. The new plant will have 30 chile roasters. HI alleges that it will process the same amount of product in its new plant during a 10-hour day that it processes in its old plant during a 20-hour day during the chile harvesting season, which occurs between the approximate dates of August 15 and October 30 of each year.1/ HI estimates that there would be a reduction in natural gas consumption for the chile roasting process from 560 thousand cubic feet per day (Mcf/d) to 540, Mcf/d. SoCal's minimum standby fuel requirements for G-50 service is five days supply for liquid fuel and seven days supply for gaseous fuel. HI contends that liquid fuels and gaseous fuels other than natural gas, e. g. propane, which might be used in the chile roasters have never been established as safe or economic fuels for processing chiles. HI agrees to meet SoCal's standby fuel requirements using low sulfur fuel oil for all other gas consuming operations at its new processing plant. HI alleges that it is able to process chiles only during the chile harvesting season, that the chiles are extremely perishable once they have been harvested and can be held in its yard no more than one day prior to the time that they

1/ During the period 1964 to 1974 inclusive the earliest starting date was August 1 and the latest closing date was November 21.

are processed, and that the fruit must be harvested as it ripens because if left on the vine it becomes unusable for its purposes due to color changes.

HI argues that there is little likelihood of its natural gas supply being curtailed and of its standby fuel system being used because the processing season falls during the late summer and early fall of each year during periods of low consumption of natural gas; that requiring it to make large expenditures to install a standby fuel system which has only a slight possibility of ever being put to use with a fuel which has never been established as a safe and economic fuel for chile processing would be wasteful and unjust and would cause severe hardship.

SoCal's answer, filed November 12, 1975, states that there is no guarantee that HI's operation will be limited to 10 hours a day and that longer operations could increase HI's use of gas to a level in excess of that used in its existing roasters; that under cold year conditions substantial curtailment of gas for HI's chile roasting operations, which extend into November, could occur; that curtailment could cause a significant loss of product; and that the cost of installing alternative fuel facilities will probably be less than the value of the lost product if curtailment is required. SoCal originally contended that liquefied petroleum gas (LPG) is an acceptable alternative fuel and denied that gaseous fuels other than natural gas which might be used in chile roasters, principally propane, have never been established to be safe or economic fuels for processing chiles.

SoCal's letter of December 11, 1975, Exhibit 1, eliminated SoCal's opposition to granting the relief sought by HI. SoCal bases its position upon Decision No. 85189 dated December 2, 1975 in Cases Nos. 9581, 9642, and 9884 in which a new set of priority relationships were established for its deliveries to its customers. SoCal interprets that decision to mean that since HI's new plant will use in excess of 99 Mcf/d, it will fall into Priority 2-A permanent category; that LPG is not an alternative fuel for purposes of the priority system and therefore natural gas is the only feasible fuel available to HI; that HI has agreed to provide standby fuel and equipment for all its operations other than chile pepper roasting; and that Commission authorization is necessary prior to its serving HI's new plant because usage will exceed 50 Mcf/d.

Discussion

Decision No. 85189 defines alternate fuels as "Nongaseous fuels; particularly excluding SNG, LNG, and LPG". Thus, there is no alternate fuel available for HI's chile roasting operations. HI should be authorized to operate its chile roasters without meeting the standby fuel system requirement contained in Special Condition 2(a) of SoCal's Schedule G-50.

There is ambiguity in Decision No. 85189 about whether this service should be rendered under Priority 2-A or 2-B. The new chile roasting operations will not use gas as a feedstock or a firm nonresidential usage with peak day demands greater than 99 Mcf/d (See mimeo page 7 re Priority 2-A.). The seasonal interruptible customer without alternate fuel facilities ordinarily should be included in Priority 2-B (See mimeo page 11). However, the gas priority criteria contained on page 4 of Appendix B indicate the need for gaseous fuel standby. It would be reasonable to include the chile pepper roasting usage under Priority 2-A.

HI will have to bear the economic loss in the event curtailment of the gas supplied to its chile roasting operations results in loss of product.

Findings

1. HI is building a new food processing plant to replace an existing food processing plant in the city of Oxnard. HI is processing chile peppers at is old plant and intends to continue such processing at its new plant.

2. Processing chile peppers involves roasting the chiles to remove their skins. This roasting involves exposing the chiles to open gas flames.

3. There is no safe, effective, and economic alternate fuel available for chile roasting.

4. No standby full system is required for HI's new chile roasters.

5. SoCal should supply gas for HI's new chile roasters. This usage will fall under Priority 2-A.

The relief requested should be authorized to the extent set forth in the order which follows.

<u>O R D E R</u>

IT IS ORDERED that:

1. Southern California Gas Company is authorized and directed to provide gas for use in chile pepper roasting at Heublein, Inc.'s new food processing facility in the city of Oxnard. This gas supply shall fall under end-use Priority 2-A.

2. Heublein, Inc. shall not be required to establish a standby fuel system for its chile roasters as provided for in Special Condition 2(a) of Southern California Gas Company's Schedule G-50.

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

Dated at San Francisco, California, this 9th day of MARCH 9, 1976.

President

William Symons Jr.

Vernon L. Sturgeon

Robert Batinovich

Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.