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Decision No. 90547 JUL 17 1979**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of Western LNG Terminal Associates,
a general partnership, and of a
Joint Application of Western LNG
Terminal Associates, Pacific Gas
and Electric Company and Pacific
Lighting Service Company, California
corporations, for a permit author-
izing the construction and operation
of an LNG terminal pursuant to
Section 5550 et seq. of the Public
Utilities Code.

Application No. 57626
(Filed October 14, 1977)

In the Matter of the Application of
PACIFIC GAS and ELECTRIC COMPANY, AND
PACIFIC LIGHTING SERVICE COMPANY,
California corporations, for a
Certificate that Public Convenience
and Necessity require the construc-
tion, operation, and maintenance of
a 34" Pipeline from the Point
Conception area, Santa Barbara County,
California to Gosford, Kern County,
California, and related facilities.

Application No. 57792
(Filed January 9, 1978)

Investigation on the Commission's own
motion into the matter of the adop-
tion of regulations governing the
safety and construction of a lique-
fied natural gas terminal in the
State of California.

OII No. 1
(Filed October 18, 1977)

Investigation on the Commission's own
motion into the impact of the decline
in natural gas available to California
from traditional sources and the need
for and timing of deliveries from
supplemental supply projects.

Case No. 10342
(Filed June 1, 1977;
amended August 23, 1977)

(See Decision No. 89177 for appearances.)

FIFTH INTERIM OPINION AND ORDER

By letter to this Commission dated January 29, 1979, and served on all appearances to Case No. 10342, Pacific Lighting Service Company (PLS) and Pacific Gas and Electric Company (PG&E) have petitioned the Commission for modification of Ordering Paragraph 8 of Decision No. 89177 dated July 31, 1978. That paragraph directs that within 180 days after the order's effective date, PG&E and PLS shall modify existing interties between their respective gas pipeline systems to provide a capability of diverting to the Southern California Gas Company (SoCal) system from the PG&E system up to 500 MMcf of gas per day on a best efforts basis. PG&E and PLS request that the date for completing the modifications of intertie facilities be deferred and suggest that January 31, 1980 be set "as the date on or before which the filing of a proposal regarding the modifications be made."

The letter points out that the Commission has recently approved a PG&E - SoCal short-term gas sale and purchase agreement calling for SoCal to receive 75 MMcf per day on a firm basis and another 75 MMcf per day on a best efforts basis over a three-year period. The utilities believe that this agreement "makes possible the deferral of completion of intertie facilities for the period involved without jeopardizing near-term service to high priority customers." The petitioners also argue that deferral of construction will "facilitate arrangements to be developed by PG&E and PLS for division of costs agreeable to both parties."

The utilities advise the Commission that the proposal which PLS and PG&E contemplate filing on January 31, 1980 "to modify the existing matrix in the Bakersfield area will include installation of 8.8 miles of pipeline between the PLS 34-inch line 225 in the North Coles Levee area and the PG&E 34-inch line 300 immediately south of the Kern River Canal in the Gosford area. Upon completion, these modifications will provide an intertie capability of diverting up to 500 MMcf per day of natural gas on a best efforts basis to the SoCal system from the PG&E system."

Comments on the petition of the utilities were filed in behalf of the California Gas Producers Association (Producers). Producers protest the plans of PG&E to delay for a year the installation of additional intertie capacity to permit the transfer of additional natural gas between northern and southern California. Producers urge that the utilities be given a shortened time in which to file their proposal for the intertie, and that they be required to have the prescribed intertie capacity in place by November 1, 1979 at the start of the 1979-80 winter heating season.

Comments on the petition were also filed by the Commission staff. This decision substantially conforms to the recommendations of the staff.

In evaluating the request of the utilities, we will take into account the action to date by the utilities with respect to related Ordering Paragraphs 9 and 10 of Decision No. 89177.

Pursuant to Ordering Paragraph 9, on January 29, 1979, PG&E filed an application for a certificate of public convenience and necessity for the construction, operation, and maintenance of a 30-inch pipeline from PG&E's Brentwood Compressor Station in Contra Costa

County to Panoche Junction in Fresno County. According to PG&E's forwarding letter, the filing was made in the "expectation"--based on PG&E's understanding of Decision No. 89177--that the application "will not be the subject of review or hearings by this Commission or the Commission Staff until such time as the potential supply situation requiring such a pipeline has come to pass." PG&E also expresses its understanding that "the filing of this application within the time frame established by the Commission is in the nature of a preventative measure which will allow the Commission to act quickly in the event of a severe shortage of natural gas."

Ordering Paragraph 10 of Decision No. 89177 directs PLS and PG&E within 90 days of the effective date of the decision to modify the mutual assistance agreement required by Commission Decision No. 85189 (to protect P-1 and P-2A service statewide), to provide for best efforts delivery of P-5 natural gas from one system to alleviate any curtailment of P-2B, and P-3, and P-4 customers on the other system and to provide for repayment with P-5 gas to the extent such P-5 gas is available.

On October 30, 1978 the two utilities requested a 60-day extension to comply with Ordering Paragraph 10. On December 29, 1978 an additional 30-day extension, which expired on January 31, 1979, was requested. PG&E and SoCal filed the executed modified agreement on April 13, 1979. We are advised that the delay in filing the modified agreement was occasioned by the inability of PG&E and PLS to reach agreement on underlying terms and conditions. In view of the PG&E and SoCal short-term gas sale and purchase agreement, which was negotiated subsequent to the issuance of Decision No. 89177, we believe that, as a practical matter, the delay in reaching agreement on mutual assistance has had no adverse consequences because PG&E has, in effect, furnished equivalent assistance during this past winter season under the gas sales agreement.

We note that the petition for a year's deferral of action on Ordering Paragraph 8 is dated only two days before the expiration of 180 days from the effective date of Decision No. 89177. We further note the delay in complying with Ordering Paragraph 10. We hereby state our concern with the failure of the two utilities to respond in a timely fashion and with their failure to file petitions for deferral well in advance of the deadline dates.

In view of the short-term contribution of the gas made available under the PG&E and SoCal gas sales agreement, we are of the opinion that the petition of PG&E and PLS for deferral to January 31, 1980 of their compliance with Ordering Paragraph 8 of Decision No. 89177 should be approved. We will, however, require that the utilities file detailed plans and cost estimates of the proposed intertie system by September 30, 1979. ✓

The Commission finds that the public interest, safety, and welfare will not be adversely affected if PG&E and PLS are given until January 31, 1980 to comply with the requirements of Ordering Paragraph 8 of Decision No. 89177.

IT IS ORDERED that Pacific Gas and Electric Company and Pacific Lighting Service Company are granted an extension of time until January 31, 1980 to comply with Ordering Paragraph 8 of Decision No. 89177, provided, however, that they file detailed plans and cost estimates for the proposed intertie system by September 30, 1979.

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

Dated JUL 17 1979, at San Francisco, California.

John E. Bryan
President
Vernon L. Stapp
Richard W. Howell
Alvin J. Daniels
Samuel W. Janis
Commissioners