

Decision No. 90998 NOV 6 1979.

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
(Filed July 3, 1973)

Investigation on the Commission's own motion, into the natural gas supply and requirements of gas public utilities in the State of California.

Case No. 9642
(Filed December 18, 1973)

ORDER DENYING REQUEST TO MODIFY DECISION

By Decision No. 85189 dated December 2, 1975, and modified by Decision No. 86357 dated September 1, 1976, we established a statewide end-use priority system for natural gas.

The Commission staff recommended a number of modifications to the priority system as established and, by letter of January 5, 1979, to the interested parties, asked for comments with regard to the proposed staff modifications. After review of the comments and after public hearings were held, we issued Decision No. 90776 wherein we substantially adopted the first two of the staff proposals.

Further hearings have been scheduled with respect to the staff's third proposed modification. In effect, the third proposal would essentially require extensive reclassification of large commercial and institutional customers and industrial boiler fuel users with peak day demands between 750-1,500 Mcf to bring state curtailment criteria in alignment with existing federal criteria applicable to interstate gas pipelines serving California.

Uncertainty surrounding the federal criteria has caused the deferral of hearings with respect to this issue. Hearings are scheduled to begin in December. However, because of the delays to date, and perhaps further delays, a decision with respect to the staff's third proposed modification may not be issued until after the winter of 1979-1980.

On October 8, 1979, Central Plants, Inc. (CPI) and Century City, Inc. (CCI) (petitioners), referring to the above staff recommendation, sought interim relief moving petitioners, and others similarly situated, from their currently assigned Priority 4 to Priority 3 pending further hearings and a decision therein.^{1/}

CPI is in the business of providing energy to several complexes in Southern California through the use of a central plant at each location. One of these complexes is at Century City in Los Angeles where CPI furnishes energy to 16 buildings (commercial, residential, hospital, hotel, and office). CPI provides the energy requirements of those buildings for both heating and cooling and, in some cases, for cooking, laundry and domestic hot water, through a central distribution system operated by CPI. This energy is furnished by CPI through a central boiler plant which provides steam, chilled water, and high temperature hot water to the buildings.

CCI, the other petitioner, is a wholly owned subsidiary of Alcoa Properties, Inc. which is in turn wholly owned by the Aluminum Company of America. CCI owns or manages the Century Plaza Hotel and two office buildings located in the Century City Development. The office building and hotel are served by CPI pursuant to a contract with CCI.

Under the staff's proposed modification to the priority system, the uses of CPI, and others similarly situated, would be reclassified to a higher priority bringing state criteria in alignment with existing federal criteria. The customers which could be thus reclassified include schools, hospitals, institutions, and military establishments.

^{1/} The petition seeking interim relief was served on all parties of record.

We are not convinced that the petition has merit and the relief requested should not be granted. There is no evidence that Priority 4 customers will be curtailed this coming winter and any change to the present priority scheme is purely cosmetic. Further, hearings on the third staff proposal to bring the state criteria in alignment with the existing federal priority scheme are now scheduled and it would be premature to make a judgment without evidence.

The proposed modification would affect the existing vested rights of other gas customers to receive gas, and such modification should only be made after a careful evaluation of our gas priorities policy. A piecemeal approach to modifying gas priorities could, while expedient to some, work to the detriment of the overall public interest; such modification should be done only upon compelling circumstances, which we find absent in the instant petition for modification.

Findings of Fact

1. Decision No. 85189 as modified by Decision No. 86357 establishes an end-use priority system for the statewide allocation of natural gas.

2. The staff has proposed three separate modifications to the end-use priority system described in Finding No. 1.

3. The Commission has received comments with respect to all three staff proposals, has held hearings, and issued Decision No. 90776 adopting the first two staff proposals.

4. Under Item 3 of the staff proposal, the petitioners herein and others similarly situated would be reclassified to a higher priority. Hearings on this proposal are now scheduled.

Conclusion of Law

The relief requested should be denied.

IT IS ORDERED that the relief requested is denied.
The effective date of this order shall be thirty days
after the date hereof.

Dated: NOV 6 1979, at San Francisco, California.

John E. Buyer
President

Richard D. Crowley

[Signature]
Commissioners

I dissent
Clare J. Detrick

I dissent.
Vernon L. Sturgeon