

Public Utilities Commission Of The State of California

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RESOLUTION NO. L-237
 LEGAL DIVISION
 DATE: July 16, 1986

R E S O L U T I O N

_____ Director
 _____ Numerical File
 _____ Alphabetical File
 _____ Accounting Officer

SUBJECT: Order Exercising Jurisdiction Over The
 Local Distribution Functions and Facilities
 of Kern River Gas Transmission Company

WHEREAS, the local distribution of natural gas to customers situated within the State of California is purely a matter of local concern; and

WHEREAS, under Section 1(b) of the Natural Gas Act, 15 U.S.C. §717(b), the provisions of Natural Gas Act apply to the transportation of natural gas in interstate commerce "but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution"; and

WHEREAS, the Public Utilities Commission is presently developing long- and short-term programs for the transportation of natural gas within California, including transportation to enhanced oil recovery ("EOR") customers in Kern County, California; and

WHEREAS, the Public Utilities Commission of the State of California is authorized and required by the California Constitution and the California Public Utilities Code to regulate the local distribution of natural gas within California and all functions and facilities relating thereto; and

WHEREAS, the bypass of California's existing local distributing companies, facilities and systems, all of which are regulated by the Public Utilities Commission of the State of California, may affect adversely the cost and quality of natural gas service for all California citizens; may undermine the ability of Public Utilities Commission to fulfill its state constitutional and statutory duty to assure just and reasonable

natural gas rates and service for all California citizens; and may interfere with the operation of the lines, plants and systems of California's existing local distributing companies, which lines, plants and systems were authorized and constructed for the benefit of all California citizens; and

WHEREAS, the protection of all California citizens from the adverse consequences of such bypass is of vital concern to the State of California; and

WHEREAS, Kern River Gas Transmission Company has filed an application for a certificate of public convenience and necessity with the Federal Energy Regulatory Commission (Docket No. CP86-552) for authority to construct, own and operate the Kern River Pipeline and to transport gas into California and to locally distribute that gas to EOR customers in Kern County, California; and

WHEREAS, if the Federal Energy Regulatory Commission lawfully certifies the construction of that pipeline and its use to transport natural gas into California, the Public Utilities Commission would not withhold its approval of local distribution of the gas so transported but would, and hereby does, assert its authority to determine the manner in which and the rate at which the local distribution of such gas is accomplished; and

WHEREAS, Section 1001 of the California Public Utilities Code provides that no gas corporation shall construct a pipeline in California without having first obtained a certificate of public convenience and necessity, and, further, that the Public Utilities Commission may prescribe terms and conditions for the placement of such pipeline if its construction is interfering or about to interfere with the operations of another public utility;

IT IS RESOLVED THAT:

(1) The Kern River Gas Transportation Company must apply to and receive from the Public Utilities Commission of the State of California a certificate of public convenience and necessity before it may begin the construction of facilities related to, and before it may engage in, the local distribution of natural gas in California;

(2) The Kern River Gas Transmission Company must file a tariff and comply with all of the rules and regulations of the Public Utilities Commission of the State of California before it may locally distribute natural gas to customers in California;

(3) If the Federal Energy Regulatory Commission should lawfully authorize the construction of the Kern River Pipeline to transport natural gas into California, the Public Utilities Commission of the State of California will not withhold its approval of the local distribution of such gas, but will require that such local distribution be accomplished in a manner

and at a rate which, in the judgment of the Public Utilities Commission, is just and reasonable and protects the interests of all California citizens;

(4) The Executive Director of this Commission shall certify this resolution and shall forthwith cause it to be delivered to the Federal Energy Regulatory Commission, thereby communicating to that Commission that the local distribution functions and facilities of the Kern River Gas Transmission Company within California are subject to the regulatory jurisdiction of the Public Utilities Commission of the State of California, and that the Public Utilities Commission of the State of California is exercising such jurisdiction; and

(5) Because it is necessary for the Federal Energy Regulatory Commission to be promptly informed that the Public Utilities Commission of the State of California is exercising such regulatory jurisdiction, this resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission of the State of California at its conference on July 16, 1986. The following Commissioners approved it:

DONALD VIAL
President
VICTOR GALVO
PRISCILLA C. GREW
FREDERICK R. DUDA
Commissioners



Executive Director