

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Commission issuing to applicant a certificate of public convenience and necessity, under Section 50 of the Public Utilities Act of the State of California, for the construction, operation and maintenance of the natural gas pipe line project herein described.

Application

No. 29548

*Filed
September 28, 1947*

FIRST SUPPLEMENTAL APPLICATION

TO THE HONORABLE, THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA:

In this First Supplemental Petition PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, (sometimes called applicant) seeks a Supplemental Order of the Public Utilities Commission of the State of California (hereinafter called Commission) in the above numbered proceeding issuing to applicant a certificate under Section 50 of the Public Utilities Act of said State declaring that the present or future public convenience and necessity require the construction, installation, operation and maintenance by applicant of facilities for enlargement of the capacity of applicant's Topock-Milpitas gas line constructed under authority of the certificate issued by Decision No. 42460 of the Commission on January 25, 1949, in the above numbered proceeding, and the acquisition and use of all necessary lands, rights of way, easements, franchises and permits in connection therewith, all substantially in accordance with the

1 plans therefor herein or hereafter to be presented to the
2 Commission.

3 In support of this within Supplemental Petition,
4 applicant avers as follows:

5 I.

6 Applicant now is and ever since the 10th day of
7 October, 1905, has been a corporation duly organized and
8 existing under and by virtue of the laws of the State of
9 California. Its principal place of business is in the City
10 and County of San Francisco, State of California. Its post
11 office address is 245 Market Street, San Francisco 6,
12 California, and its attorneys in this matter are Robert H.
13 Gerdes and Ralph W. DuVal at the same address.

14 Communications in regard to this application
15 should be addressed to Ralph W. DuVal, Rate Attorney of
16 applicant, at the above address.

17 A certified copy of applicant's Articles of Incor-
18 poration, as last amended, was filed with the Commission on
19 May 1, 1951, and said Articles are incorporated herein by
20 reference.

21 A statement showing the financial condition of
22 applicant at July 31, 1951, in form as required by Rule 17
23 of Article 4 of the Commission's Rules of Practice and Pro-
24 cedure is of record before the Commission as Exhibit "A" of
25 Application No. 32769, which said statement is made a part
26 hereof by reference.

27 The property owned and/or used by applicant in the
28 conduct of its several kinds of public utility business and
29 the field of its operations are generally described in the
30 copy of applicant's Prospectus filed with the Commission in

1 connection with Application No. 32124, to which reference
2 is hereby made.

3 More detailed descriptions of the properties afore-
4 mentioned, exclusive of water rights, franchises and estab-
5 lished business, are contained in a number of inventories
6 and appraisals heretofore filed with the Commission in con-
7 nection with divers proceedings before said Commission, and
8 the same are hereby referred to and made a part hereof by
9 such reference.

10 Reports of additions to, extensions of, and better-
11 ments upon, the aforesaid properties made subsequent to the
12 dates of the aforementioned inventories and appraisals have,
13 from time to time, been filed with the Commission, all of
14 which reports are incorporated herein by reference.

15 The cost of applicant's said property and equipment
16 stated as of July 31, 1951, is of record before the Commis-
17 sion and is hereby referred to and by such reference made a
18 part hereof.

19 II.

20 Applicant refers to and incorporates herein by
21 reference its original Application No. 29548, filed with the
22 Commission on July 27, 1948. On January 25, 1949, the Com-
23 mission issued its Decision No. 42460 (48 C.P.U.C. 395) in
24 said proceeding, which said decision is made a part hereof
25 by reference. The order in said decision granted applicant
26 a certificate of public convenience and necessity, among
27 other things, for the construction, operation and mainten-
28 ance of the transmission pipeline described in said applica-
29 tion. Pursuant to the authorization contained in said
30 decision, applicant constructed a natural gas pipeline from

1 its Milpitas terminal in Santa Clara County, California, to
2 a point on the California-Arizona boundary near Topock,
3 Arizona, where it connects with a pipeline of El Paso
4 Natural Gas Company. Applicant is now engaged, pursuant to
5 said authorization, in the construction of three compressor
6 plants on said pipeline: at Kettleman Hills with a capacity
7 of 12,320 brake horsepower, at Hinkley with a capacity of
8 17,500 brake horsepower, and near Topock, with a capacity
9 of 15,000 brake horsepower. Upon completion of said com-
10 pressor plants, estimated at about November 1, 1951, said
11 pipeline will have a capacity for delivery of approximately
12 400,000,000* cubic feet of gas per day. A map showing the
13 location of said pipeline, said compressor stations and
14 Pressure Limiting Stations on said pipeline, is annexed here-
15 to, marked Exhibit "A", and made a part hereof.

16 IV.

17 Applicant proposes to construct, install and place
18 in operation additional facilities to increase the capacity
19 of said pipeline by approximately 150,000,000* cubic feet of
20 gas per day. Such additional facilities consist of the
21 following:

22 1. Parallel sections of 34" O.D. pipe at the
23 following locations on the Topock-Milpitas pipe line:

24 A. A 36.50-mile loop of 34" O.D. 5/16" wall
25 pipe extending in an easterly direction from Hinkley
26 Compressor Station.

28 * Wherever volumes of gas are marked with an asterisk,
29 it indicates a pressure base of 14.9 pounds per square
30 inch absolute. Where not so marked, the pressure base
is 14.73 pounds per square inch absolute.

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B. A 34.50-mile loop of 34" O.D. pipe extending in an easterly direction from Pressure Limiting Station No. 4, consisting of 3.58 miles of 7/16" wall and 30.92 miles of 3/8" wall pipe.

C. A 42.78-mile loop of 34" O.D. 5/16" wall pipe extending in a southeasterly direction from Kettleman Compressor Station.

D. A 28.00-mile loop of 34" O.D. pipe consisting of 10.41 miles of 11/32" wall pipe extending in a northwesterly direction and 17.59 miles of 7/16" wall pipe extending in a southeasterly direction from Pressure Limiting Station No. 6.

The location of the foregoing sections is shown in red on said Exhibit "A".

2. Additions to compressor stations on applicant's Topock-Milpitas pipeline as shown in column (3):

(1)	(2)	(3)	(4)
<u>Compressor Station</u>	<u>Presently under Construction BHP</u>	<u>Proposed BHP</u>	<u>Total BHP</u>
Topock	15,000	5,000	20,000
Hinkley	17,500	12,500	30,000
Kettleman	12,320	5,280	17,600
Total	44,820	22,780	67,600

Applicant now has or will obtain all necessary franchises and permits required for construction of said sections of pipeline.

Applicant plans to commence construction in 1952, immediately following the securing of all governmental authority, permits and rights, including appropriate authority

1 from the Public Utilities Commission of the State of
2 California, and the Federal Power Commission. Applicant
3 plans to complete construction by November 1, 1952, of
4 facilities required for the transmission of 100,000,000*
5 cubic feet per day of additional gas, and to complete
6 the remainder of the proposed facilities by November 1,
7 1953.

8 V.

9 The present estimated capital cost of the
10 proposed facilities above described is \$19,391,000, based
11 on current labor and material prices. No cash bonuses,
12 donations or other aid have been or will be received by
13 applicant in connection with, or in furtherance of, the
14 construction, installation or completion of said pro-
15 posed facilities. Applicant proposes to finance the
16 construction of said proposed facilities by using to the
17 extent available its working capital, moneys in reserve,
18 funds not required for immediate use, and the proceeds
19 of the issue and sale of such stocks, bonds, notes or
20 other evidences of indebtedness of applicant as the
21 Commission may have or shall hereafter, upon proper
22 application, authorize for that purpose.

23 VI.

24 Applicant presently is purchasing and receiving
25 its supply of gas for said Topock-Milpitas pipeline under
26 the provisions of a service agreement with El Paso Natural
27 Gas Company, dated June 15, 1950, a true copy whereof is
28 of record before the Commission in the within proceeding
29 and the same is made a part hereof by reference.
30

1 to be transported by means of the projected pipeline
2 facilities.

3 VIII.

4 Applicant's proposed additions to its pipeline
5 facilities are essential to northern and central California
6 in order to provide the additional gas required to offset
7 the decline in quantity of available gas from local fields
8 and to meet the increasing demands of gas customers, for
9 the following principal reasons:

- 10 1. The people and the economy of the State
11 of California are dependent upon natural
12 gas.

13 Almost the entire urban and suburban population
14 of the State of California depend upon natural gas for
15 cooking, water heating, and space heating for domestic
16 and commercial purposes. These customers could not in-
17 stall equipment to burn fuel oil, except at prohibitive
18 expense.

19 Applicant's interruptible industrial customers
20 are prepared to use fuel oil, as are applicant's steam-
21 electric generating plants, and they do so whenever the
22 firm load requires. Coal is not produced in California,
23 nor used in significant quantities.

- 24 2. The consumption of natural gas in
25 California is growing even more
26 rapidly than the population.

27 The estimated population of the 28 California
28 counties in which applicant serves natural gas was approxi-
29 mately 4,470,000 on January 1, 1951, which was approximately
30 1,650,000 or 58.5%, greater than was the population of said
counties on January 1, 1940. It is estimated that the
population increase of this area from January 1, 1951 to

1 January 1, 1956, will be about 15.5%.

2 During the period since 1940 applicant's average
3 daily load has more than doubled.

4 3. The supply of California gas is
5 decreasing.

6 The total reserves of natural gas in California
7 are declining. New discoveries have not been of sufficient
8 magnitude to offset the heavy draft upon local reserves
9 that has occurred in recent years.

10 The deliverability of gas available to applicant
11 from California fields has been declining for the past
12 several years.

13 4. Applicant does not anticipate that it
14 will receive a larger share of California
production in the future.

15 Of the total amount of gas produced for use or
16 sale in California in the year ending June 30, 1950, appli-
17 cant purchased approximately 37%, and other California gas
18 utilities together with the petroleum industry used the
19 remaining 63%. Applicant does not foresee at the present
20 time the possibility of any material increase in its
21 share of the total available California gas. On the other
22 hand, the expiration on September 30, 1953, of applicant's
23 contract with Southern California Gas Company and Southern
24 Counties Gas Company under which applicant receives from
25 them up to 100,000,000 cubic feet of gas per day, will
26 tend to reduce applicant's share of California gas.

27 5. Applicant's presently authorized
28 take of out-of-state gas affords
29 only a partial solution to the problem
of obtaining an adequate supply.

30 Applicant received its first delivery of out-of-

1 state gas from El Paso on October 7, 1950, and purchased
2 7,668,632 Mcf. of gas during the balance of the year
3 1950. Applicant expects to take from El Paso an average
4 of approximately 270,000,000* cubic feet per day during
5 the year 1951, and the contract volume of 400,000,000*
6 cubic feet per day under said present service agreement at
7 not less than a 91% annual load factor during the year
8 1952.

9 IX.

10 The proposed pipeline will be of great value
11 to the nation in the event of a war or other emergency, as
12 it will supply additional volumes of natural gas to
13 northern and central California and thereby release equiva-
14 lent quantities of liquid fuel for other uses. A large
15 part of the gas to be supplied will be casinghead gas
16 which otherwise will probably be flared. Failure to con-
17 struct the proposed pipeline, coupled with the resulting
18 increase in rate of depletion of California gas reserves
19 available to applicant, would constitute a severe limi-
20 tation on California's contribution to any war or mobiliza-
21 tion effort.

22 X.

23 In further support of its request for a certificate
24 of public convenience and necessity under said Section 50
25 of the Public Utilities Act of the State of California,
26 applicant alleges that its proposed additional gas pipeline
27 facilities will not compete with any person, firm or public
28 or private corporation now engaged in the business of
29 furnishing or supplying public utility gas service; and that
30 the present and/or future public convenience and necessity

1 require or will require the construction and carrying to
2 completion of said proposed facilities, and that the same
3 will be in the public interest and for the benefit of the
4 public service.

5 At the hearing of this supplemental petition
6 applicant will present oral testimony and documentary
7 evidence supporting and supplementing the statements set
8 forth herein in order that the Commission may be fully
9 advised in the matter.

10 WHEREFORE, PACIFIC GAS AND ELECTRIC COMPANY respect
11 fully prays that the Public Utilities Commission of the
12 State of California duly give and make its decision and
13 supplemental order, as provided for by the provisions of
14 Section 50 of the Public Utilities Act of the State of
15 California, granting and conferring upon applicant all
16 necessary permission and authority to construct, complete,
17 operate, maintain and use the additional natural gas trans-
18 mission and related facilities described in the body of this
19 application; declaring that the present and future public
20 convenience and necessity now require and will require the
21 construction, operation and maintenance by applicant of
22 said proposed project and the acquisition and use by it of
23 all lands, rights of way, and easements, and the exercise of
24 all rights, permits and franchises which may be used or
25 useful in connection with the construction, operation,
26 maintenance and use of said project and issuing to applicant
27 a certificate declaring that the present and future public
28 convenience and necessity require and will require that
29 such work be done and such construction be made by appli-
30 cant.

1 Dated at San Francisco, California, this 28th day
2 September, 1951.

3 PACIFIC GAS AND ELECTRIC COMPANY

4 By N. R. SUTHERLAND
5 Its Vice-President and General
6 Manager

7 ROBERT H. GERDES

8 R. W. DuVAL

9 Attorneys for
10 Pacific Gas and Electric Company
245 Market Street
San Francisco 6, California

11 * * *

12 STATE OF CALIFORNIA)
13 CITY AND COUNTY OF SAN FRANCISCO) ss

14 N. R. SUTHERLAND, being first duly sworn, deposes
15 and says:

16 That he is an officer of PACIFIC GAS AND ELECTRIC
17 COMPANY, the applicant herein, to wit: its Vice-President
18 and General Manager, and makes this affidavit as such on be-
19 half of said applicant; that he has read the foregoing First
20 Supplemental Application and knows the contents thereof; that
21 the same is true of his own knowledge, except as to those
22 matters which are therein stated on information and belief
23 and as to those matters that he believes it to be true.

24
25 N. R. SUTHERLAND

26 Subscribed and sworn to before me
27 this 28th day of September, 1951

28 MARIE H. STANLEY
29 Notary Public in and for the City and
County of San Francisco, State of
California.

30 My Commission Expires November 21, 1951
(SEAL)

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2 September, 1951.

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5 Its Vice-President and General
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