

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Copy for:

RESOLUTION NO. G-2310

Orig. and Copy
_____to Executive Director

UTILITIES DIVISION
BRANCH/SECTION: Gas
DATE: October 23, 1979

R E S O L U T I O N

_____Director
_____Numerical File
_____Alphabetical File
_____Accounting Officer

SUBJECT: Reclassification of Vulcan Forge & Machine Company, San Jose, California from Priority 3 to Priority 2A (permanent)

WHEREAS: VULCAN FORGE & MACHINE COMPANY (Vulcan Forge), by letter filed August 10, 1979, requests relief from the standby fuel requirements of Special Condition 2 of Pacific Gas and Electric Company's (PG&E) Natural Gas Service Schedule No. G-50 under the following circumstances:

1. Vulcan Forge was classified as a Priority 2A (temporary) user by PG&E under the provisions of Decision No. 85189. Pursuant to Decision No. 90794, certain industrial customer, including Vulcan Forge, were transferred to Priority 3 effective October 1, 1979. In the latter priority, Vulcan Forge would be served under Rate Schedule No. G-50 and be required to install standby fuel facilities.
2. Decision No. 85189, provides for a consideration of the economic and technological feasibility of converting facilities to use an alternate fuel in the absence of natural gas and further provided for a case-by-case review of individual customer requests for relief.

WHEREAS: Estimates developed by the staff, indicate that the cost of providing standby facilities would be between \$150,000 and \$200,000, and that such costs would far exceed the cost of rebuilding Vulcan Forge's present gas burning equipment.

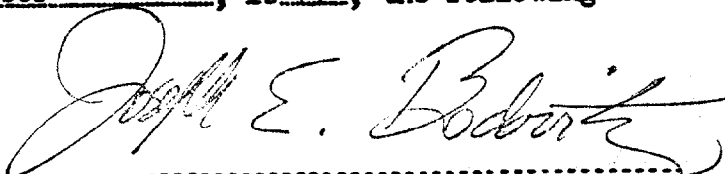
WHEREAS: We find that providing standby facilities at Vulcan Forge is not economically feasible within the intent of D.85189, and that the customer should be reclassified to Priority 2A (permanent); therefore, good cause appearing,

IT IS ORDERED that:

Pacific Gas and Electric Company shall reclassify Vulcan Forge & Machinery Company of San Jose, California to Priority 2A (permanent). The effective date of this Resolution is the date hereof.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular conference of the Public Utilities Commission of the State of California, held on the 23rd day of October, 1979, the following Commissioners voting favorably thereon:

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
CLAIRE T. DEDRICK
LEONARD M. GRIMES, JR.
Commissioners



Executive Director

Memorandum

RETURN TO GAS BRANCH

Date : October 23, 1979
Conference

To : THE COMMISSION

From : Public Utilities Commission — San Francisco -- G. L. Way, Chief Gas Engineer *GLW*
Phone: 7-3310

File No.: C.9642

Subject: Vulcan Forge & Machine Company Priority Classification
(Resolution No. G-2310)

ISSUE: Retention of Vulcan Forge & Machine Co., San Jose, California in Pacific Gas and Electric Company's service Priority 2A (permanent).

FACTS: Vulcan Forge, a small industrial operation, with peak-day gas requirements of 121 Mcf per day and 40-80 employees, has been classified as a Priority 2A (temporary) user by PG&E under the provisions of Decisions Nos. 85189 and 86357. Priority 2A (temporary) industrial customers were scheduled to transfer to Priority 3 on October 1, 1979. PG&E tariffs require that customers served in Priority 3 must have standby alternate fuel facilities. By letter dated August 8, 1979, Vulcan Forge requested relief from the requirement for standby fuel facilities based on economic hardship.

DISCUSSION: A staff engineer visited the Vulcan Forge facilities which include seven furnaces. The firebox size of six of the seven furnaces is not much larger than an office type desk. The estimated cost of installing standby fuel facilities to serve the seven furnaces is estimated to be between \$150,000 and \$200,000, which is further estimated to be three times the cost of completely rebuilding the original gas burning equipment.

CONCLUSIONS AND RECOMMENDATIONS: Decision No. 85189, which established end-use curtailment procedures provided for a consideration of the economic and technological feasibility of converting facilities to use on alternate fuel during periods of natural gas curtailment, and provided for a case-by-case review of individual customer requests for relief. The staff concludes that it is not economically feasible to provide standby fuel facilities within the intent of Decision No. 85189 and recommends that Vulcan Forge be assigned a Priority 2A (permanent) classification on the PG&E system. The required Resolution is attached.

DLK:LO

Attachment

October 25, 1979

**Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94106**

**Attention: Mr. M. H. Furbush, Associate
Vice President and General Counsel**

Gentlemen:

The Commission has received and filed a letter from Vulcan Forge and Machine Co., (Vulcan Forge) dated August 8, 1979, requesting a deviation from Pacific Gas and Electric Co.'s (PG&E) filed tariffs, namely, from the provisions of Special Condition 3 of Schedule No. G-50. Vulcan Forge, a Priority 2A (temporary) customer, was transferred to Priority 3 on October 1, 1979 as per Decision No. 90794.

Decision No. 85189 provided for a consideration of the economic and technological feasibility of converting facilities to use an alternate fuel during periods of gas curtailment, and provided for a case-by-case review of individual customer requests for relief. You are hereby notified the Commission has found that providing standby fuel facilities at Vulcan Forge is not economically feasible within the intent of Decision No. 85189, and that PG&E should reclassify Vulcan Forge as a Priority 2A (permanent) customer.

Enclosed herewith is a copy of the Vulcan Forge August 8, 1979 letter, showing the date of filing, and a conformed copy of Resolution No. G-2310 of the Public Utilities Commission of the State of California ordering PG&E to reclassify and serve Vulcan Forge as a Priority 2A (permanent) customer effective October 23, 1979.

Very truly yours,

**Greville L. Way
Chief Gas Engineer**

M RGP:LO

Enclosures

cc: Mr. Charles Lawton, President
Vulcan Forge and Machine Co.
1789 South Smith Avenue
San Jose, CA 95112

bcc: Mr. Martin White, Gas Branch, SF
LA Office

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Copy for:

Orig. and Copy

_____ to Executive Director

_____ Director

_____ Numerical File

_____ Alphabetical File

_____ Accounting Officer

RESOLUTION NO. G-2310

UTILITIES DIVISION

BRANCH/SECTION: Gas

DATE: October 23, 1979

RESOLUTION

SUBJECT: Reclassification of Vulcan Forge & Machine Company, San Jose, California from Priority 3 to Priority 2A (permanent)

WHEREAS: VULCAN FORGE & MACHINE COMPANY (Vulcan Forge), by letter filed August 10, 1979, requests relief from the standby fuel requirements of Special Condition 2 of Pacific Gas and Electric Company's (PG&E) Natural Gas Service Schedule No. G-50 under the following circumstances:

1. Vulcan Forge was classified as a Priority 2A (temporary) user by PG&E under the provisions of Decision No. 85189. Pursuant to Decision No. 90794, certain industrial customer, including Vulcan Forge, were transferred to Priority 3 effective October 1, 1979. In the latter priority, Vulcan Forge would be served under Rate Schedule No. G-50 and be required to install standby fuel facilities.
2. Decision No. 85189, provides for a consideration of the economic and technological feasibility of converting facilities to use an alternate fuel in the absence of natural gas and further provided for a case-by-case review of individual customer requests for relief.

WHEREAS: Estimates developed by the staff, indicate that the cost of providing standby facilities would be between \$150,000 and \$200,000, and that such costs would far exceed the cost of rebuilding Vulcan Forge's present gas burning equipment.

WHEREAS: We find that providing standby facilities at Vulcan Forge is not economically feasible within the intent of D.85189, and that the customer should be reclassified to Priority 2A (permanent); therefore, good cause appearing,

IT IS ORDERED that:

Pacific Gas and Electric Company shall reclassify Vulcan Forge & Machinery Company of San Jose, California to Priority 2A (permanent). The effective date of this Resolution is the date hereof.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular conference of the Public Utilities Commission of the State of California, held on the 23rd day of October, 1979, the following Commissioners voting favorably thereon:

JOHN E. BRYSON, President
RICHARD D. GRAVELLE, CLAIRE T. DEDRICK,
LEONARD M. GRIMES, Jr., Commissioners

Executive Director

Vulcan Forge and Machine Co.

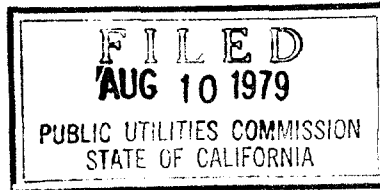
REC'D
PUBLIC UTILITIES COMM.
STATE OF CALIF.
AUG 10 10 50 AM '79

OF SAN JOSE, INC.

1789 SOUTH SMITH AVENUE • SAN JOSE, CALIFORNIA 95112 • PHONE 408-294-4406

August 8, 1979

P U C
Gas Branch
350 McAllister St.
San Francisco, Calif.



GAS BRANCH
AUG 13 1979

6 2310

Gentlemen,

This refers to California P.U.C. Decision No. 88664 which extended the deadline, from October 1, 1978 to October 1, 1979, for transferring all priority P2A temporary customers to a lower priority.

Telephone conversations with the P G & E and Mr. Johnson, in your office, leads us to believe that no further postponement will be made. If this is the case our company will be reclassified from our current P2A temporary to the lower priority P3.


This is satisfactory except for the special condition 2 that specifies that we must have adequate standby equipment and fuel that are ready at all times for immediate operation in the event that the normal supply of gas is discontinued in whole or in part.

The cost of installing equipment in order to comply with special condition 2 is probably more than a small company such as ours could endure - we would estimate a minimum cost of \$150,000. Since the projection of gas availability is 100% through 1985, it would appear that it is a tremendous investment to ask a small business to undergo for a utility that may never be used.

We would like a deviation of this tariff rule and take our risks in being without natural gas when normal supply is curtailed.

For your information we operate with 40 to 80 men who earn \$400,000 to \$600,000 a year in payroll - we are over 50% in Government Ordnance Forgings. Some of our products are munition components, parts for FMC 113 Personnel Carrier, 105,106,4.2 Bases, flat wrenches, agricultural equipment, artificial limbs, etc., with shipments throughout the country, and we use over 2,000 tons of steel a year.

We would appreciate your reviewing this Special Condition 2 and providing a favorable decision in the form of a deviation.

Very truly yours,

Charles Lawton, President