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WM. C. THURBER

Bill Thurber

PACIFIC GAS AND ELECTRIC COMPANY

PG and E — 356 E. ALISAL STREET • P. O. BOX 1171 • SALINAS, CALIFORNIA 93901 • (408) 422-8822

W. L. MURRAY
DIVISION MANAGER

May 31, 1973

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UCC - CALIDRIA
KING CITY, CA.

PLAINTIFF'S EXHIBIT
UC-3343

Mr. Floyd Larrison, Manager
Union Carbide
Highway 101 South
King City, California 93930

Dear Mr. Larrison:

You have requested that we supply you with the latest information on the natural gas supply and interruptible curtailments that you, as a large user, should expect in the years ahead.

There is considerable national publicity and concern about the gas supply situation in the United States. Although PGandE currently anticipates no immediate shortage of gas to supply its firm customers, we do see a much tighter supply picture in the years ahead for interruptible customers.

It is reasonable to expect that interruptible customers will experience curtailment more and more frequently as our supply fails to keep pace with our customers' demands for service in future years.

The following table represents, for the schedule applicable to you, our estimate of the percentage level of service, days of partial curtailment and days of full curtailment anticipated by curtailment years (July 1 to June 30) until 1978.

This projection is based on the best available information regarding gas supplies from El Paso Natural Gas Company, Pacific Gas Transmission Company and California gas fields and assumes normal weather conditions. It assumes no significant new supplies from these sources during the period covered. However, we are still hoping to receive authorization to import additional supplies. Therefore, we have also indicated the effect of these additional supplies on the levels of service for the last two years of the projection, should such supplies become available. It should be recognized that these data are based on "average-year" conditions. Thus, if a year should be colder or warmer than normal, or if there should be further cutbacks in El Paso supplies or if an unforeseen source of supply should become available, the following figures would change.

Estimated Level of Gas Service and Days of Curtailment - Large Schedule G-50 (Group 4)

Curtailment Year July 1 - June 30	Level of Service	Partial Days of Curtailment	Full Days of Curtailment
1973-1974	98	13	0
1974-1975	92	38	11
1975-1976	80	50	39
1976-1977	66 81*	56	75
1977-1978	57 74*	64	107

*Addition of new supplies

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With the projected level of gas service percentages listed above in mind, it is readily apparent that adequate alternate fuel shortage facilities and selected utilization equipment are essential for an interruptible gas user. In fact, they are a requirement of the tariffs for interruptible customers under Special Condition 3:

> "No customer shall be entitled to service hereunder unless adequate standby equipment and fuel are provided and are ready at all times for immediate operation in the event that the supply of gas hereunder shall be discontinued in whole or in part."

We obtain natural gas from three sources - California, Canadian, and the southweatern United States. The portion of our present supply from each source is approximately 25%, 40%, and 35%, respectively. The availability of increased natural gas supply in the future (which would reduce the foregoing curtailment figures) depends largely on the success of exploration efforts and our ability to obtain export permits to bring gas from Canada.

Because we are desirous of having a sufficient supply of natural gas to meet the energy requirements of all our customers, we expect to continue aggressive efforts to acquire new supplies from out-of-state sources, both in Canada and the western United States.

Although our interruptible schedules are now open to new customers, and although the company has recommended to the California Public Utilities Commission that they not be closed at this time, we cannot state with certainty what the situation will be in the future. Service can only be provided in accordance with tariffs in effect at the time an application and resulting contract are completed.

If you have any questions on these matters, please let me know. We will keep you apprised of any material changes that may occur in the gas supply picture.

Sincerely,

A. K. Seefeldt
Industrial Power Engineer

AKS:jw

Union Carbide trial exhibit UC-3343: A. K. Seefeldt (Pacific Gas and Electric) to Floyd Larrison on Natural Gas Supp... Published by AsbestosClaims.Law
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6/18/73

cc:
B H Epp
V. D Holt
O J Malcarne
JWR

sent
dlw

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