

MC

Decision No. 29794

BEFORE THE RAILROAD 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
Railroad Commission of the State of
California approving a certain Agree-
ment entered into by and between
applicant and HERCULES POWDER COMPANY,
a California corporation, dated
January 27, 1937.

ORIGINAL

Application No. 21044

TO THE COMMISSION:

OPINION AND ORDER

This is an application of Pacific Gas and Electric Company, a corporation, for an order approving a certain agreement dated January 27, 1937, made and entered into by and between applicant and Hercules Powder Company, a Delaware Corporation, and hereinafter called consumer. A copy of this agreement, marked Exhibit "A", is attached to and made a part of the application.

Under the terms and conditions, and during the terms specified in the aforesaid agreement, applicant has agreed, among other things, to sell and deliver to Hercules Powder Company, and the latter has agreed to purchase all of the electric energy which shall be required for the operation of electrical machinery and apparatus, including all existing electrically driven compressors, and in the conduct of consumer's business upon its premises situated in the town of Hercules, in the County of Contra Costa, State of California, said business being the operation of the

powder and chemical plant of consumer, and that the following tariff, which is different and lower than under applicant's filed schedules, shall prevail:

Demand Charge

First 1,000 KVA or less of monthly
maximum demand \$900 per month

Each additional KVA of monthly
maximum demand 65 cents

Energy Charge (to be added to the Demand Charge)

All energy - 3.0 mills per kilowatt-hour.

Shut-Off Provision

In consideration of the low rate herein provided the Consumer agrees that it will upon eight weeks' notice in writing from Company shut down or otherwise discontinue taking power for a consecutive period not exceeding three months in any one year, beginning at any time between June 1st and August 31st at the option of Company. Company will specify both the time of beginning of such shut down and also, either in the original notice or as soon thereafter as practicable, the time of termination, provided, however, that Company may not require a shut down for more than three months nor more than one such shut down in any calendar year. During any such shut down at request of Company, all charges for power service will be discontinued and the monthly demand charge above provided will be prorated for fractions of a month at the beginning and end of any such period.

Maximum Demand

The maximum demand in any month will be the average KVA delivery of the thirty minute interval in which such average is greater than in any other thirty minute interval in the month.

Oil Clause

The above energy rate will be increased on the basis of one-eighth mill for each 10¢ that the price of fuel oil as regularly quoted by the Standard Oil Company of California for delivery at its refinery at Richmond, California, exceeds \$1.00 per bbl., the increase to be computed to the nearest one tenth mill per KWH.

All electric energy to be delivered and received shall be in accordance with the provisions of said agreement, and it is

further provided that whenever required by applicant, Hercules Powder Company agrees to operate a steam electric generating plant and deliver to applicant such electric energy as Hercules Powder Company may have available, for which applicant agrees to pay Hercules Powder Company an amount of money equal to the out-of-pocket costs to the latter for the generation of such energy actually delivered; said out-of-pocket costs to include all costs of such generation except fixed charges and depreciation.

The agreement further provides that the same shall become binding upon the parties thereto as soon as, but not before, it shall have been approved by the Railroad Commission, and when so approved shall be deemed effective for all purposes as of the first day of September, 1936, and shall continue in force until the expiration of the term of five years from and after the first day of September, 1936, and thereafter until terminated by thirty (30) days' written notice by either party.

The agreement also provides that it shall at all times be subject to such changes or modifications by the Railroad Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction, and as further provided in said agreement.

In support of the authorization sought in this petition, applicant alleges that the terms and conditions under said agreement are fair and reasonable to the parties thereto, and that the rates and charges at which applicant agrees to furnish electric service to consumer are necessary to retain the business of said consumer, and that the retention of said business at the contract rates will not constitute a burden upon applicant's other electric consumers, but will tend to the benefit of such other consumers.

The Commission is of the opinion that said agreement is fair to all parties, and that a public hearing in the matter is not necessary, and good cause appearing, therefore,

IT IS HEREBY ORDERED that the above mentioned agreement between Pacific Gas and Electric Company and Hercules Powder Company be and the same is hereby approved.

Authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 26th day of April, 1937.

William M. McLean
Leon C. Whittell
Francis R. Newlin
Robert W. Whittell
Ray L. Tuley
Commissioners.