

Decision No. 38552

ORIGINAL

## 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 authorizing applicant to enter into a written agreement with HOLLY SUGAR CORPORATION, in words and figures as written in the form therefor which is annexed hereto.

Application No. 21620

BY THE COMMISSION:

## O P I N I O N

Pacific Gas and Electric Company, applicant herein, asks this Commission for authority to enter into an agreement with Holly Sugar Corporation, a consumer, covering the sale and purchase of surplus natural gas for the operation of consumer's plant at Tracy. A copy of the agreement is attached to the application and marked Exhibit "A."

This proposed agreement is for a period of one year from and after July 1, 1937, unless sooner terminated, and provides for deliveries drawn either from Southern California fields or from the Tracy field as available. It further provides that during the time it shall be in effect that certain three-year agreement dated June 23, 1936 under which applicant undertook to supply consumer with surplus natural gas from the Southern California fields shall be suspended. Said agreement of June 23, 1936 has already been similarly suspended for a period of one year from and after July 1, 1936 by a supplemental

agreement dated July 31, 1936 (C.R.C. Decision No. 29317) which provided for the use of gas from the Tracy field exclusively at a somewhat lower rate.

The purpose of the proposed agreement is to make possible the rapid substitution of one gas for the other without complicated billing adjustments. To this end the following flat rates have been developed:

- (a) For all gas from Southern California fields 16¢ per M.c.f.
- (b) For all gas from Tracy field 12½¢ " "

Minimum Charge: \$60,000, payable at the rate of \$5,000 per month, provided said minimum shall be reduced by \$5,000 for each month during which consumer shall not conduct its "beet slicing" operations.

Rate (a) is the average rate that would have resulted had consumer's requirements for last season been billed at the special rate normally quoted for surplus gas from Southern California fields in such quantities.

Rate (b) is merely rate (a) adjusted to reflect the lower B.t.u. content of the Tracy gas.

Both rates are subject to increase or decrease at the rate of one cent per M.c.f. for each six cents' increase or decrease, respectively, in the market price of fuel oil above or below \$1.15 per bbl., f.o.b. Lyoth, as regularly quoted there by the Standard Oil Company of California, such change to be computed to the nearest one-tenth of one cent, and to become effective on the next day following the first meter reading after such change shall have been made in the quoted price of fuel oil.

The agreement contains the usual provision that it shall at all times be subject to such changes or modifications

as this Commission may direct in the exercise of its jurisdiction.

O R D E R

Pacific Gas and Electric Company having applied for an order authorizing it to sell surplus natural gas to Holly Sugar Corporation at special rates and under special conditions, the Commission being of the opinion that the application should be granted and that a public hearing in the matter is not necessary,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be and it is hereby authorized to sell to Holly Sugar Corporation, for use at its Tracy plant, surplus natural gas at rates specified in and in accordance with the terms and provisions of an agreement identical with that referred to as Exhibit "A" in the application.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup> day of January, 1938.

Walter J. ...  
Leon ...  
Frank R. ...

\_\_\_\_\_  
Commissioners.