

Decision No. 21759.

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 J. D. AND A. B. SPRECKELS COMPANY (WESTERN SUGAR REFINERY), in words and figures as written in the form therefor which is annexed hereto.

Application No. 21759.

ORIGINAL

BY THE COMMISSION:

OPINION AND ORDER

This is an application of Pacific Gas and Electric Company for an order authorizing applicant corporation to enter into a written agreement relating to the sale and delivery, if and when it shall have same available therefor, of such quantity or quantities of surplus gas as shall during the term of this agreement be required for boiler fuel purposes in the operation of J. D. and A. B. Spreckels Company (Western Sugar Refinery) high pressure boilers (6300 HP rated capacity) used primarily for industrial purposes, and only incidentally for building heating purposes at the latter's plant located at the foot of Twenty-third Street, City and County of San Francisco, State of California. A copy of said proposed agreement, marked Exhibit "A," is attached to and made a part of the application.

Some of the more important features and conditions of said proposed agreement may be here set forth:

If and when the same shall be available therefor, J. D. and A. B. Spreckels Company, hereinafter designated as Customer, will use surplus gas as the exclusive fuel in the operation of its said plant.

Customer will not either directly or indirectly use any surplus gas delivered under the proposed agreement for any purpose other than as boiler fuel in the operation of said plant.

The rates to be charged and paid are in accordance with the following:

First	7,500,000 cu.-ft. per month.....	16.7¢ per 1000 cu.-ft.
Next	7,500,000 cu.-ft. per month.....	14.7¢ per 1000 cu.-ft.
All excess	cu.-ft. per month.....	14.2¢ per 1000 cu.-ft.

Annual minimum payment hereunder shall be twelve thousand dollars, payable at the rate of one thousand dollars per month, for each contractual year during which said plant is operated for one or more months.

The above rates are subject to increase or decrease on the basis of 1¢ per 1000 cubic feet for each 6¢ per barrel increase or decrease, respectively, in the market price of fuel oil, as regularly quoted by the Standard Oil Company of California from \$1.05 per barrel f.o.b. Richmond, California, change to be to the nearest one-tenth cent and to become effective on all regular meter readings taken on and after the 30th day following such change in the price of oil.

Customer shall not be obligated to accept for use any gas to be delivered under the proposed agreement which shall contain less than 1050 B.t.u. per cubic foot of gas, unless Customer shall elect so to do. In the event that Customer elects to accept for use any gas containing less than 1050 B.t.u., it agrees to pay for such gas so accepted in accordance with the rates and minimum charges set forth above.

The proposed agreement contains a condition that the Pacific Gas and Electric Company, hereinafter called Pacific Company, undertakings in respect to furnishing natural gas are first to its regular customers and second to its surplus gas customers and it is mutually agreed that if in the ordinary operation of its system the Pacific Company shall, in its judgment, need all of its available gas for supplying its regular customers or if in its judgment the further immediate supplying of surplus gas under this proposed agreement will jeopardize or threaten its ability to supply its regular

customers, it shall have the right, without notice to Customer, to discontinue in whole or in part the supplying of surplus gas under this proposed agreement and in that event the Pacific Company shall not be liable to Customer for damages or otherwise on account of such discontinuance. Customer further agrees that upon receipt of telephone or oral notice from the Pacific Company so to do, it will at once discontinue its use of surplus gas to the extent and for the period specified in such notice, and that failing therein Pacific Company may at its option cancel this proposed contract on five days' written notice to Customer.

The term of the proposed agreement is for two years from and after January 1, 1938, and will continue thereafter from year to year; provided, however, that either party shall have the right to terminate the same at the expiration either of the initial term or any subsequent contractual year by giving the other written notice to that effect at least thirty days prior to such termination date.

The proposed agreement also contains a statement that it shall at all times be subject to such modification as the Commission from time to time may direct in the exercise of its jurisdiction.

The Commission is of the opinion that this proposed agreement is in the interest of both parties and that a public hearing in the matter is not necessary, and good cause appearing therefor;

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized, as to the sale and delivery of such quantity or quantities of surplus gas as shall be available for boiler fuel purposes in the operation of J. D. and A. B. Spreckels Company (Western Sugar Refinery) high pressure boilers and for incidental building heating purposes at its plant located at the foot of

Twenty-third Street, San Francisco, to charge said J. D. and A. B. Spreckels Company therefor at the rates specified in that certain proposed agreement attached as Exhibit "A" to application, and under the terms and conditions set forth in said agreement.

Pacific Gas and Electric Company shall file a copy of the executed agreement with the Commission within thirty (30) days after its execution.

Authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 7th day of March, 1938.

William H. ...
Leon ...
...
...
Paul & Riley
Commissioners.