

Decision No. 31253

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 RAINIER BREWING COMPANY, in words and figures as written in the form therefor which is annexed thereto.

ORIGINAL

Application No. 22158

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 Rainier Brewing Company's high pressure boilers (1175 HP rated capacity) used primarily for industrial purposes, and only incidentally for building heating purposes at the latter's plant located at 1550 Bryant 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 set forth:

If and when the same shall be available therefor, Rainier Brewing 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 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.....	14.0¢ per 1000 cu.-ft.
Next 7,500,000 cu.-ft. per month.....	12.0¢ per 1000 cu.-ft.
All in excess of above cu.-ft. per month	11.5¢ per 1000 cu.-ft.

The annual minimum payment hereunder shall be twelve thousand dollars, payable at the rate of one thousand dollars per month.

The above rates are subject to increase or decrease on the basis of one (1) cent per thousand cubic feet for each six (6) cents increase and decrease, respectively, in the market price of fuel oil above or below eighty-nine (89) cents per barrel f.o.b. Richmond, California, as regularly quoted by the Standard Oil Company of California, such change to be computed to the nearest one-tenth of one (1) cent and to become effective on all regular meter readings taken on and after the 30th day following such change in the quoted price of fuel oil.

The proposed agreement contains a condition that the Pacific Gas and Electric Company's (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 (5) days' written notice to Customer.

It is interpreted that this is a definite term contract for a period of three years dating from and after June 22, 1938, and that the clause "* * * *that either party hereto shall have the right to terminate this contract at the expiration of the initial term hereof or any subsequent contractual year by giving the other written notice to that effect at least thirty days prior to such termination date" is inserted essentially to provide time for the renewing of the agreement and securing authorization, so there may be no period in which there is no agreement in force. The Commission so views the aforesaid indefinite term clause and in subsequent agreements it is suggested that such clause be changed to read substantially as follows:

"and shall continue thereafter from month to month for a period not exceeding six (6) months, provided, however, that either party hereto shall have the right to terminate this contract at the initial term hereof or at any subsequent thirty (30) day period upon written notice to that effect twenty (20) days prior to such termination date."

The Commission likewise desires to call to the Applicant's attention the desirability, upon the expiration of the present agreement, of giving careful study to the possibility of rendering this service under a filed tariff rather than a special contract rate.

The proposed agreement also contains a statement 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.

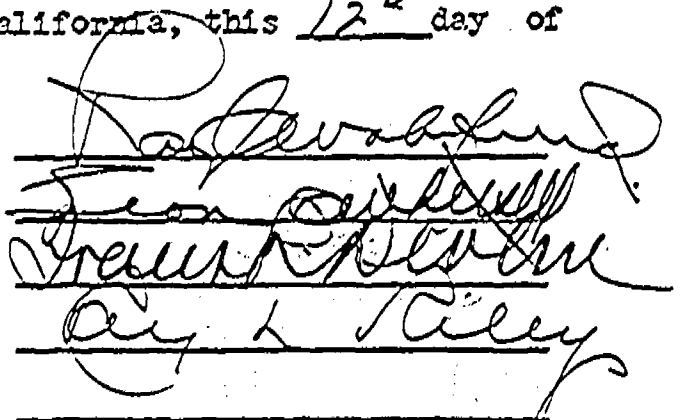
Inasmuch as both parties are agreeable to the signing of the proposed agreement and the Commission being of the opinion that it will not constitute a burden on the rest of the system, that a public hearing in the matter is not necessary, and good cause appearing therefor;

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 Rainier Brewing Company's high pressure boilers and for incidental building heating purposes at its plant located at 1550 Bryant Street, San Francisco, to charge said Rainier Brewing Company therefor at the rate 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 12th day of September, 1938.



Commissioners.