

Decision No. 31679

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.

ORIGINAL

Application No. 22295

BY THE COMMISSION:

OPINION AND ORDER

Pacific Gas and Electric Company, hereinafter referred to as Applicant, asks this Commission for authority to enter into an agreement with Holly Sugar Corporation, hereinafter called 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 is marked Exhibit "A."

This proposed agreement is for a period of one year from and after July 1, 1938, unless sooner terminated, and provides for deliveries of gas drawn either from Southern California fields or from the McDonald Island field in Northern California 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 supplemental agreement dated July 31, 1936, (C.R.C. Decision No. 29317) and also for a period of one year from and after July 1, 1937, by supplemental agreement dated November 5, 1937, (C.R.C. Decision No. 30552.

The purpose of the proposed agreement is to make possible the rapid substitution of McDonald Island gas for gas emanating from Southern California and vice versa without complicated billing adjustments. To this end the following flat rates have been developed:

- (a) For all gas from Southern California
Fields (1100 to 1200 B.t.u.) 12.7¢ per M.c.f.
- (b) For all gas from Northern California
Fields (900 to 1000 B.t.u.) 10.5¢ per M.c.f.

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

Both rates are subject to increase or decrease at the rate of 1¢ per M.c.f. for each 6¢ increase or decrease respectively, in the market price of fuel oil above or below 95¢ per barrel, 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 further contains the usual provision that it shall at all times be subject to such changes or modifications by the Railroad Commission of California as said Commission may, from time to time, direct in the exercise of its jurisdiction. The Commission is of the opinion that the application should be granted, 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 to execute an agreement in terms substantially as set forth in Exhibit A attached to the application covering the sale and delivery of such quantity or quantities of surplus

natural gas as shall be available for fuel for dryers and high pressure boilers and only incidentally for building heating in the operation of Holly Sugar Corporation's plant located at Tracy, California, and to charge said Holly Sugar Corporation at the rates and under the conditions set forth in said agreement.

Pacific Gas and Electric Company shall file two (2) copies of the executed agreement with the Commission within thirty (30) days from the date hereof.

The effective date of this Order is the date hereof.

Dated at San Francisco, California, this 23rd day of January, 1939.

James B. Deane
Carl A. Kuey
W. H. Miller
Justus F. Casner
Commissioners.