

Decision No. 31696

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
 COLGATE-PALMOLIVE-PEET COMPANY, in
 words and figures as written in the
 form therefor which is annexed here-
 to.

ORIGINAL

Application No. 22457

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 with Colgate-Palmolive-Peet Company, hereinafter called Customer, 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 the agreement be required for fuel purposes in the operation of Customer's high pressure boilers (2100 h.p. rated capacity) used primarily for industrial purposes and only incidentally for building heating purposes at its plant located at Sixth and Carlton Streets, Berkeley, 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 same shall be available therefor, customer will use surplus gas as the exclusive fuel in the operation of its high pressure boilers in the said plant.

The proposed agreement shall supersede the agreement between the two parties hereto dated June 11, 1937.

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 excess	cu. ft. per month	- 11.5¢ per 1000 cu.ft.

Annual minimum twelve thousand dollars (\$12,000.00) payable at the rate of one thousand dollars (\$1,000.00) 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) cent increase or 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 or after the 30th day following such change in the quoted price of fuel oil.

The proposed agreement further provides that Customer is not obligated to accept gas of a heating value of less than 1100 B.t.u. per cubic foot, but that if he elects to so do he is obligated to pay for it at the rates and terms set forth in the agreement.

It is estimated that the annual usage of surplus natural gas by Customer will be two hundred thirty-eight million eight hundred twenty thousand (238,820,000) cubic feet and that the annual gross revenue from the sale of this quantity of surplus gas will be approximately Thirty-two thousand five hundred fifty-two dollars (\$32,552.00).

The proposed agreement contains a condition that the Applicant's undertakings in respect to furnishing natural gas are first to its regular customers and, second, to its surplus gas customers and it is therefore mutually agreed that if, in the ordinary operation of its system, 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 supply 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 supply of surplus gas under the agreement and in that event the Pacific Company shall not be liable to Customer for damages or otherwise on account of said discontinuance. Customer further agrees that, upon receipt of notice from the Pacific Company so to do, it will at once discontinue its use of surplus gas to the extent and for the periods 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 the Customer.

The term of this proposed agreement is for two (2) years from and after August 1, 1938, and shall continue thereafter from year to year provided, however, that either party hereto shall have the right to terminate said agreement at the expiration of the initial term thereof or any subsequent contractual year by giving the other written notice to that effect at least thirty (30) days prior to said termination date.

The proposed agreement also contains the usual provision that said agreement shall at all times be subject to such changes and/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 having considered the request of the Applicant and it being 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 enter into a written agreement with Colgate-Palmolive-Pect Company for the sale and delivery of such

quantity or quantities of surplus natural gas as shall be available for boiler fuel purposes in the operation of Colgate-Palmolive-Peet Company's high pressure boilers and for incidental heating purposes at its plant located at Sixth and Carlton Streets, Berkeley, California, and to charge said Colgate-Palmolive-Peet Company therefor at the rate specified in the said proposed agreement attached as Exhibit "A" to the application, and under the terms and conditions set forth in said agreement; provided, however, and it is a condition of the authorization hereby granted, that Pacific Gas and Electric Company shall advise the Commission on or before the date when said agreement shall terminate, and/or before the end of each yearly extension thereof, whether said agreement will remain in effect for the succeeding twelve (12) months' period and, provided further, that the authority hereby granted shall not be taken as in any way limiting the Commission's authority to, at any time, by appropriate order, modify or set aside such agreement.

Pacific Gas and Electric Company shall file two (2) copies of the executed agreement with the Commission within thirty (30) days after its execution.

Authority herein granted shall become effective as of the date hereof.

Dated at San Francisco, California, this 20th day
of January 1939

Raymond D. [Signature]
James P. [Signature]
Ray F. [Signature]
[Signature]
Justus D. [Signature]
Commissioners