

Decision No. 31697

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
THE BORDEN COMPANY, in words and
figures as written in the form there-
for which is annexed hereto.

ORIGINAL

Application No. 22442

BY THE COMMISSION:

OPINION AND ORDER

This is an application of the Pacific Gas and Electric Company for an order authorizing applicant Corporation to enter into a written agreement with The Borden 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 (894 h.p. rated capacity) used primarily for industrial purposes and only incidentally for building heating purposes at its plant located at Modesto, 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 Applicant and Customer dated December 21, 1933, the initial term thereof having expired on January 1, 1935.

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. Lyoth, 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 meter readings taken on and after the 30th day following such change in the quoted price of fuel oil.

It is estimated that the annual usage of natural gas by Customer will be eighty-seven million twenty-five thousand (87,025,000) cubic feet and that the annual gross revenue from the sale of this quantity of surplus gas will be approximately Thirteen thousand three and 00/100 Dollars (\$13,003.00).

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 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 such discontinuance. Customer further agrees that, upon receipt of notice from the Pacific Com-

pany 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.

The term of this proposed agreement is for one (1) year from and after October 1, 1938, and shall continue thereafter from year to year, provided, however, that either party thereto 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 such 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 The Borden Company for the sale and delivery of such quantity or quantities of surplus gas as shall be available for boiler fuel purposes in the operation of The Borden Company's high pressure boilers and for incidental building heating purposes at its plant at Modesto, California, and to charge said Borden Company therefor at the rate specified in that certain 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 21st day of January, 1939.

Robert W. Brown
Frank W. Miller
Carl K. Riley
W. B. Miller
Justus J. Craven
Commissioners