

Decision No. 31699

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 MILK PRODUCERS ASSOCIATION OF CENTRAL CALIFORNIA, in words and figures as written in the form therefor which is annexed hereto.

ORIGINAL

Application No. 22293.

BY THE COMMISSION:

OPINION AND ORDER

Pacific Gas and Electric Company requests that the Commission authorize it to enter into a written agreement relating to the sale by Pacific and the purchase by Milk Producers Association of Central California of surplus gas as required for fuel purposes in the operation of the Association's high pressure boilers at Modesto, California. A copy of said proposed agreement, marked Exhibit "A," is attached to and made a part of the application.

Under the terms and conditions set forth in proposed agreement, Pacific Gas and Electric Company states that it is engaged in the business of buying and transmitting natural gas and distributing and selling same to its regular customers; and, during the course of its regular business, it will, from time to time, have available for sale a variable quantity of natural gas over and above that used by its regular customers, which variable quantity of gas is called surplus gas. The Association proposes to purchase and use this surplus gas,

if and when available, primarily for industrial purposes and only incidentally for building heating purposes.

Surplus gas will be sold at the following rate:

"Fourteen (14) cents per thousand cubic feet for the first seven million five hundred thousand (7,500,000) cubic feet per month and twelve (12) cents per thousand cubic feet for the next seven million five hundred thousand (7,500,000) cubic feet per month and eleven and five-tenths (11.5) cents per thousand cubic feet for all gas delivered in excess of fifteen million (15,000,000) cubic feet per month. Annual minimum payment 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 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 regular meter readings taken on and after the 30th day following such change in the quoted price of fuel oil."

The term of this proposed agreement is for a period of three (3) years, dating from and after August 18, 1938, and to continue thereafter from year to year until terminated by either party. This agreement supersedes a similar agreement bearing the date of May 7, 1935.

The agreement contains the usual provision that it shall at all times be subject to such changes and/or modifications as the Railroad Commission of the State of California may in the exercise of its jurisdiction direct.

The Commission having considered the request of Applicant and being of the opinion that the application should be granted, that a public hearing 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 surplus natural gas to the plant of the Milk Producers Association of Central California located at Modesto, California, and at rates and charges and under the 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 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 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 is the date hereof.

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

Robert W. [unclear]
George [unclear]
Carl [unclear]
[unclear]
Justice J. Caerney
Commissioners.