

Decision No. 22269

ORIGINAL

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 BETHLEHEM STEEL COMPANY, in words and figures as written in the form therefor which is annexed hereto.

Application No. 22867

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 Bethlehem Steel Company, hereinafter called Customer, wherein a certain provision is made that will constitute a deviation from the Applicant's regular filed Schedule GS-1. The proposed agreement will supersede that certain agreement between Applicant and Customer's predecessor, Pacific Coast Steel Corporation, dated May 18, 1934, relating to supply and use of surplus gas at the said abovementioned plant under and in accordance with Applicant's Schedule GS-1.

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 is available therefor, Customer will use said surplus gas exclusively for fuel purposes in the operation

of Customer's ingot heating furnaces, and/or billet heating furnaces, and/or forging furnaces located at Butler Road, South San Francisco, California. However, Customer may, in the operation of 4-50 ton open hearth steel melting furnaces, use fuel oil with said gas, provided the quantity of fuel oil so used shall not exceed one (1) barrel (forty-two (42) bulk gallons) for each ten thousand (10,000) cubic feet of surplus gas in the operation of said melting furnaces; and Customer will not, either directly or indirectly, use any surplus gas delivered thereunder for any purpose other than as fuel in the operation of said plant.

The proposed agreement further provides that Applicant's Schedule GS-1 except as modified in said proposed agreement shall constitute the rates applicable to surplus gas so delivered.

The term of the proposed agreement is for a period of three (3) years from and after October 25, 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 either 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.

It is estimated that the annual usage of gas by Customer will be seven hundred sixty-two million (762,000,000) cubic feet and that the annual gross revenue from the sale of this surplus gas will be approximately One hundred six thousand, eight hundred fifty-four and 00/100 Dollars (\$106,854.00).

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 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 Bethlehem Steel Company for the sale and delivery of such quantity or quantities of surplus gas as shall be required for fuel purposes in its plant at Butler Road, South San Francisco, California, and to charge said Bethlehem Steel Company therefor at the rates specified in Applicant's Schedule GS-1, and under the terms and conditions set forth in said schedule; provided, however, that Customer may, in the operation of 4-50 ton open hearth steel melting furnaces, use a maximum one (1) barrel (forty-two (42) bulk gallons) of fuel oil for each ten thousand (10,000) cubic feet of surplus gas used in the operation of said melting furnaces.

It is further provided, however, that 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 year of extension thereof whether said agreement will remain in effect for the succeeding twelve (12) months' period. The authority herein 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 agreement with the Commission within thirty (30) days after its execution.

Authority herein granted shall become effective as of
the date of this Order.

Dated at San Francisco, California, this 19th day
of August, 1939.

Robert W. ...
Francis P. ...

[Signature]

Justin D. ...
Commissioners