

Decision No. 32805

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 PERMANENTE CORPORATION, in words and figures as written in the form therefor which is annexed hereto.

Application No. 22959.

ORIGINAL

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 The Permanente Corporation (hereinafter sometimes called Customer), relating to the sale, delivery and use of surplus natural gas. 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 the proposed agreement may be here in part set forth.

Applicant has agreed to sell and deliver to Customer, when available, and Customer has agreed to purchase and receive such quantities of surplus gas as shall be available and as required for fuel purposes in the operation of Customer's cement and lime kilns, as well as in Customer's low pressure boilers at its cement plant located in the County of Santa Clara, State of California.

The rate to be paid by customer each month for the surplus gas delivered is as here set forth:

Fifteen and seven-tenths (15.7) cents per thousand cubic feet for the first thirty million (30,000,000) cubic feet;

Eleven and seven-tenths (11.7) cents per thousand cubic feet for a quantity in excess thereof equivalent to the total quantity used by the Customer between 8:00 P.M. and 6:00 A.M. during all nights of said month (as indicated by meter readings showing such consumption); and

Thirteen and seven-tenths (13.7) cents per thousand cubic feet for all in excess of the foregoing.

The minimum annual payment is normally fixed at \$60,000 and the above rates are subject to adjustment, based upon the price of fuel oil. Further special conditions relate principally to payment under discontinuance of service.

The initial term of proposed agreement is for a period of five (5) years from and after date gas is first delivered, and thereafter from year to year until terminated by either party, upon sixty (60) days written notice. The agreement also provides under what conditions the Customer may terminate said agreement at the expiration of any year prior to the initial term thereof.

The agreement further provides that while Applicant will install the necessary mains and equipment to bring gas to point of delivery, Customer is to advance the cost of such mains and equipment. The advance thus made by Customer is subject to refund over a period not exceeding five (5) years, and as more fully set forth in said proposed agreement.

The Commission having considered the request of Applicant and it being of the opinion that application should be

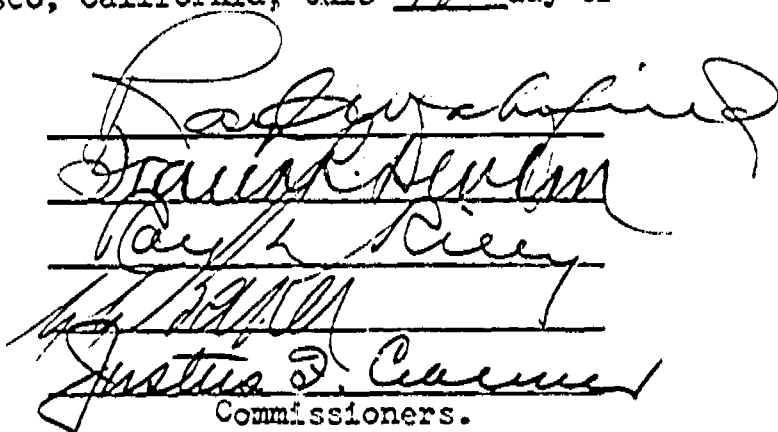
granted, that a public hearing in the matter is not necessary, and good cause appearing therefor,

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into a written agreement with The Permanente Corporation for the sale and delivery of such quantity or quantities of surplus gas as shall be required for fuel purposes in the cement plant of The Permanente Corporation, located in Santa Clara County, California, and to charge The Permanente Corporation the rates specified in proposed agreement attached to application as Exhibit "A" and to otherwise carry out the provisions and the terms and conditions set forth therein; 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 and provided further that 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.

Each party to the agreement hereto shall acknowledge its acceptance of the conditions of authorization and 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 12th day of September, 1939.



Justus D. Cooney
Commissioners.