

Decision No. 22946

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

(Alvarado)

ORIGINAL

Application No. 22946

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 Holly Sugar Corporation, 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 dryers and high pressure boilers (2500 h.p. rated capacity) used primarily for industrial purposes and only incidently for building heating purposes at its plant located at Alvarado, Alameda County, 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 set forth:

If and when same shall be available therefor, customer will use surplus gas as the exclusive fuel in the operation of said plant.

The proposed agreement shall supersede the agreement between the two parties dated June 23, 1936.

The rates to be charged are in accordance with the following:

Fourteen and seven-tenths (14.7) cents per thousand cubic feet for the first thirty million (30,000,000) cubic feet;

Ten (10) cents per thousand cubic feet for a quantity in excess thereof equivalent to the total quantity used by 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

Twelve (12) cents per thousand cubic feet for all in excess of the foregoing.

The above rates are subject to adjustment based upon the price of fuel oil. An annual minimum payment of \$60,000.00 is provided for, payable at the rate of \$5,000.00 per month; provided, however, that said annual minimum shall be reduced \$5,000.00 for each month during which customer does not conduct its beet slicing operations.

It is estimated that the annual usage of natural gas by customer will be 502,982,000 cubic feet and that the annual gross revenue to be received from the supply of surplus gas to customer under the proposed agreement will be approximately \$64,454.00.

The term of this proposed agreement is for three (3) years from and after July 1, 1939 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 agreement also contains the usual provisions as provided in General Order No. 53 relating to the Commission's continuing authority thereover.

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 that certain proposed agreement with Holly Sugar Corporation set forth as Exhibit "A" attached to the within application and to render gas service to said Holly Sugar Corporation at the rates and under the terms and conditions set forth in said agreement.

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

Dated at Los Angeles, California this 26<sup>th</sup> day of September, 1939.

*Ralph W. Smith*

*Paul H. Riley*

*H. Baker*

*Justus F. Casner*  
Commissioners