

Decision No. 22982

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  
 STATE BOARD OF PRISON DIRECTORS OF  
 CALIFORNIA, in words and figures as  
 written in the form therefor which  
 is annexed hereto.

Application No. 22982

OPINION

BY THE COMMISSION:

OPINION AND ORDER

This is an application of Pacific Gas and Electric Company for an order authorizing Applicant, a corporation, to enter into a written agreement with State Board of Prison Directors of California, 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 (1,117 Hp. rated capacity) used for building heating and other purposes at its plant located at San Quentin Prison, Marin 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 agreement may be set forth:

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

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

First	55,000 cu.ft. per month	-37.2¢ per M.c.f.
Next	55,000 cu.ft. per month	-28.1¢ per M.c.f.
Next	990,000 cu.ft. per month	-16.3¢ per M.c.f.
Next	2,200,000 cu.ft. per month	-13.5¢ per M.c.f.
All excess over	3,300,000 cu.ft. per month	-12.6¢ per M.c.f.

The agreement provides for an annual minimum payment of \$4,200.00, payable at the rate of \$350.00 per month, subject to certain conditions, and the rates set forth are subject to change depending upon the posted price of fuel oil.

It is estimated that the annual usage of natural gas by Customer will be 191,636,000 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 \$27,573.00.

Applicant alleges that in order to supply Customer it will, at its own expense, construct and install a total of 21,363 feet of main extension, involving 11,255 feet of 10-inch main and 10,108 feet of 6-inch main. The proposed extension of Applicant's facilities will extend from its gas plant at San Rafael to Customer's boiler room in San Quentin State Prison and will involve an expenditure of approximately \$62,000.00.

It is further stated that the 10-inch main to be installed will become a part of a new supply line for the furnishing of gas service to the towns of Larkspur, Corte Madera, Mill Valley, Belvedere and Sausalito.

In consideration of Applicant's expenditure for the main extension mentioned, Customer has agreed that in case gas shall be available therefor and it shall fail to take the necessary quantity thereof to operate the equipment described, or said agreement shall be cancelled prior to its expiration date as a result of Customer's default, Customer will pay, in addition to all other moneys then

due Applicant, either the full cost of furnishing and installing said main and equipment, or the full amount of all minimum charges therein specified for the balance of the term, as Applicant shall at the time elect.

The term of the proposed agreement is three (3) years from and after the date Applicant installs its metering equipment 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 provision as provided in General Order No. 53 relating to the Commission's continuing authority thereover.

The proposed agreement contains a condition that 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 therefore 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 said discontinuance. Customer further agrees that upon receipt of notice from the Pacific Company so to do it will at once discontinue its use

of surplus gas to the extent and for the periods 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 Commission, having considered the request of Applicant, and it being of the opinion that the application shall 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 State Board of Prison Directors of California set forth as Exhibit "A" attached to the within application and to render gas service to said State Board of Prison Directors of California 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.

Robert A. ...  
Ray H. Bailey  
H. B. ...  
Justus J. Casner  
Commissioners