

Decision No. 32726

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
FIBREBOARD PRODUCTS, INC., in words
and figures as written in the form
therefor which is annexed hereto.

Application No. 23191

ORIGINAL

BY THE COMMISSION:

OPINION AND ORDER

In this application Pacific Gas and Electric Company, hereinafter sometimes referred to as Applicant, requests authority to enter into a written agreement with Fibreboard Products, Inc., hereinafter sometimes called Customer, relating to the sale and delivery of surplus natural gas for fuel purposes in the operation of Customer's high pressure boilers (3,000 h.p. rated capacity) at the latter's plant located at Stockton, California. A copy of the 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. Applicant agrees, if and when it shall have surplus gas available, to sell and deliver to Customer, and the latter agrees to purchase from the former, such quantities of the same as shall during the term of the agreement be required for fuel purposes in Customer's plant; and further, that 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 August 12, 1936.

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

First	7,500,000	cu. ft. per month	-	14.0¢	per 1,000 cu. ft.
Next	7,500,000	cu. ft. per month	-	12.0¢	per 1,000 cu. ft.
All excess		cu. ft. per month	-	11.5¢	per 1,000 cu. ft.

The above rates are subject to adjustment based upon the price of fuel oil, and an annual minimum payment of \$12,000 payable at the rate of \$1,000 per month is provided for in the proposed agreement.

It is estimated that the annual usage of natural gas by Customer will be 809,285 cubic feet, that the annual gross revenue to be derived therefrom will be approximately \$103,860.

The proposed agreement further provides that Customer is not obligated to accept for use gas of a heating value less than 1,100 B.t.u. per cubic foot but that in the event Customer elects to accept such gas it will pay for it in accordance with the rates and minimum charges set forth therein.

The term of the proposed agreement is for a period of three (3) years from and after December 30, 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 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 contained in General Order No. 53 relating to the Commission's continuing authority thereover.

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 that certain proposed agreement with Fibreboard Products, Inc. set forth as Exhibit "A" attached to the within application and to render gas service to said Fibreboard Products, Inc. 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 San Francisco, California this 16th day of January, 1940.

Ray L. Riley
George B. Allen
Raymond J. ...
Justin J. ...
Commissioners