

Decision No. 23669

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 SPRECKELS SUGAR COMPANY, relating to the sale by the former and purchase by the latter for use in its plant near Woodland, Yolo County, California, of surplus natural gas.

Application No. 23669

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 Spreckels Sugar Company, hereinafter sometimes called Customer, relating to the sale and delivery of surplus natural gas as shall during the term of the agreement be required for fuel purposes in the operation of Customer's high-pressure boilers (3000 h.p. rated capacity) used primarily for industrial purposes at its plant located two miles north of the City of Woodland, Yolo County, 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 primarily for fuel purposes and only incidentally for building heating purposes in Customer's plant;

and Customer further agrees to 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 11, 1937 and as modified under date of February 1, 1939.

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

First 30,000,000 Cu.Ft. per month - 19.5¢ per 1000 Cu.Ft.
All gas in excess of 30,000,000
Cu.Ft., but not exceeding a
quantity equivalent to the
total amount used between
8:00 p.m. and 6:00 a.m. during
all nights of said month - - - - 15.5¢ per 1000 Cu.Ft.
All in excess of foregoing - - - - 17.5¢ per 1000 Cu.Ft.

The above rates are subject to adjustment based upon the price of fuel oil and an annual minimum payment of \$60,000.00, payable at the rate of \$5,000.00 per month. The agreement also provides that the minimum charge shall be reduced \$5,000.00 for each month that Customer does not conduct its "beet slicing" operations.

The term of the proposed agreement is for a period of two (2) years from and after June 1, 1940 and is subject to an extension of one (1) year for each year Customer does not conduct its "beet slicing" operations, but not to exceed a total of five (5) years. Customer advanced a sum of \$50,000.00 at the time of extension of gas service to partially cover the cost of construction. To date, \$30,000.00 of this amount has been refunded by Applicant and the proposed agreement provides for the refund of the balance of \$20,000.00 during the life of the contract under certain conditions.

The agreement contains a provision that it shall at all times be subject to such changes or modifications by the Railroad Commission of the State 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, therefore

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that certain proposed agreement with Spreckels Sugar Company, set forth as Exhibit "A" attached to the within application, and to render surplus natural gas service to said Spreckels Sugar Company at the rates and under the terms and conditions set forth in said agreement; provided, however, that the authority herein granted shall not be taken as limiting the Commission's authority to modify or set aside such agreement by appropriate order.

Pacific Gas and Electric Company shall file two copies of the agreement with the Commission within thirty (30) days after its execution.

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

Dated at San Francisco, California, this 17th day of September, 1940.

Ray L. Riley
James R. Smith
Robert W. Johnson
H. J. Bell
Justin F. Craven
Commissioners