

Decision No. 3443

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 of surplus natural gas
for use at its plant located at
Spreckels, near Salinas, California.

Application No. 24313

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 dryers and kilns, and high-pressure boilers (7500 h.p. rated capacity) at its plant located at Spreckels, near Salinas, 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 industrial fuel purposes and only incidentally for building heating purposes in Customer's

plant. 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 which expired May 1, 1941.

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

First 30,000,000 cu. ft. per month-	- - -	14.0¢ 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 6 p.m.		
and 6 a.m. during all nights of each		
month - - - - -	- - -	10.0¢ per 1000 cu.ft.
All in excess of the foregoing - - -	- - -	12.0¢ 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 \$5000.00 per month; provided, however, that the annual minimum charge shall be reduced \$5000.00 for each month in which Customer does not conduct its "beet slicing" operations. The term of the proposed agreement is for a period of one (1) year from and after May 1, 1941, and shall continue thereafter until terminated by thirty (30) days' written notice given by either party thereto.

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

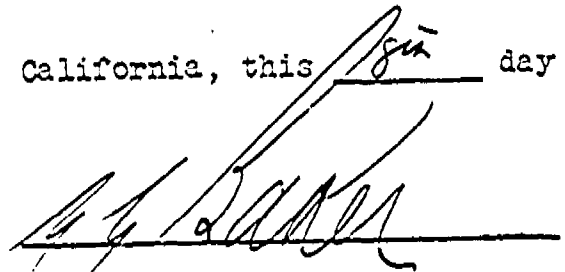
IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that certain proposed agreement with Spreckels Sugar Company, set forth as Exhibit "A" attached to the within application, and to render surplus natural gas

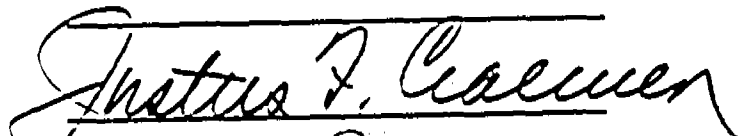


service to said Spreckels Sugar Company at the rates and under the terms and conditions set forth in said agreement; provided, however, that the authority herein granted shall not be taken as limiting the Commission's authority to modify or set aside such agreement by appropriate order.

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 31st day of July, 1941.






Commissioners.