

Decision No. 35215

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 HAMMOND REDWOOD COMPANY in words and figures as written in the form therefor which is annexed hereto.

ORIGINAL

Application No. 24814

BY THE COMMISSION:

OPINION AND ORDER

This is an application of Pacific Gas and Electric Company, a corporation, (hereinafter sometimes referred to as "Applicant") for an Order authorizing a certain agreement dated December 4, 1941, made and entered into by and between Applicant and Hammond Redwood Company, a California corporation, (hereinafter called "Hammond"). A copy of said agreement marked Exhibit "A" is attached to and made a part of the application.

Under the terms and conditions set forth in said agreement Applicant has agreed to sell and deliver to Hammond (after meeting the requirements of Applicant's customers supplied at regular rates) and the latter has agreed to purchase from the former the electric energy and steam which shall be required in the operation of Hammond's lumber manufacturing plant located in the city of Eureka, Humboldt County, California, at the rates and upon the terms and conditions in said agreement. It is also set forth in said agreement that Hammond will deliver to Applicant hog fuel (a waste by-product incident to Hammond lumber mill operations) in payment for electric energy and steam to be sold and delivered as aforesaid; and for the sale and delivery to Applicant by Hammond, at the rates provided in said agreement, of quantities of hog fuel

in addition to the deliveries to be made in payment for electric energy and steam.

The tariff rates set forth in the agreement differ from those in filed and published schedules of Applicant and authorization is sought on the premise that said rates and agreement are fair, just and reasonable to the parties thereto. It is further alleged that the consummation of said agreement in accordance with its terms will enable Applicant to retain Hammond as one of its electric and steam customers, and that it will permit Applicant to sell and deliver to Hammond quantities of electric energy and steam materially in excess of those provided for under an existing agreement of March 15, 1937. Also, the proposed agreement will provide Applicant with a larger quantity of hog fuel and at a materially lower rate than under existing conditions, and make possible a more effective and economical operation by Applicant of its steam electric generating plant in the city of Eureka. Finally, it is contended that the furnishing and supplying of electric and steam services to Hammond at and in accordance with the rates and charges in said proposed agreement and the full performance by the parties thereto of their respective covenants will not constitute a burden upon Applicant's other electric customers, but will tend to the benefit of such other customers.

The agreement is to become effective when Applicant shall first begin to operate by means of hog fuel the boiler that is now under construction at said steam plant and shall continue in force and effect for a period of ten (10) years thereafter, and thereafter from year to year provided that either party may terminate this agreement at the end of said ten (10) year period or at the end of any subsequent year of the term thereof by giving the other six (6) months' prior written notice to that effect.

The terms of the proposed agreement also provide that the forementioned existing agreement entered into by and between Applicant and Humboldt Redwood Company dated March 15, 1937, and approved by this Commission, will be superseded from and after the effective date of the proposed agreement. In respect to this existing agreement Hammond has heretofore succeeded to all the right,

title and interest of Humboldt Redwood Company therein.

The agreement also provides for this Commission's continuing jurisdiction as required by General Order No. 53.

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 the Hammond Redwood Company attached to this application and marked Exhibit "A" and to carry out the provisions of the aforesaid agreement, provided that the authority herein granted shall not be taken as limiting the Commission's authority to modify or set aside said 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.

The effective date of this Order shall be the date hereof.

Dated at San Francisco, California, this 7<sup>th</sup> day of

April, 1942.

Justin F. Cooney  
Ray L. Wiley  
J. P. M. M.  
James C. Hoover  
Arthur H. ...  
 Commissioners