

Decision No. 36473

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 Pacific Gas and Electric Company for an
 order of the Railroad Commission authorizing
 applicant and The Permanente Metals Corporation
 to enter into a written agreement in words and
 figures contained in the form therefor which is
 hereunto annexed, marked Exhibit "A" and made a
 part hereof.

(Gas Service - Natividad)

Application No. 25675

BY THE COMMISSION:

O P I N I O N A N D O R D E R

This is an application of the Pacific Gas and Electric Company seeking an order of the Railroad Commission authorizing it and The Permanente Metals Corporation to enter into a written agreement for the sale by the former and the purchase by the latter of natural gas to be used in the plant of the customer located at a point near Natividad, county of Monterey, California. The proposed agreement is attached to and made a part of the application as Exhibit "A."

The aforesaid proposed agreement provides, among other things, that Applicant will sell and deliver natural gas to the Customer's plant, on an interruptible basis, an amount not exceeding 125,000 cubic feet per hour or 3,000,000 cubic feet per day for the use of the Customer's dolomite kilns at the following rates:

First	500,000 cu.ft. or less per month	- \$147.00
Next	5,000,000 cu.ft. per month	- 24.3¢ per 1000 cu.ft.
Next	55,000,000 cu.ft. per month	- 15.1¢ per 1000 cu.ft.
All excess use		- 16.0¢ per 1000 cu.ft.

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"Oil Price Adjustment

The above rates are subject to an increase or decrease of 1¢ per Mcf. for each 6¢ that the market price of fuel oil as regularly quoted by the Standard Oil Company of California f.o.b. its Richmond refinery is above or below, respectively, 90¢ per bbl., change in gas rate to be computed to the nearest tenth cent and to become effective on all regular meter readings taken on and after the 30th day following any change in such price of oil; provided, however, that the above gas rates shall not be reduced hereunder by more than 1.7¢.

"HEATING Value Adjustment

The above rates are for gas of an average monthly heating value of 1100 Btu. and are subject to adjustment of 3% for each 50 B.t.u. change in heating value from the base of 1100 B.t.u., as set forth in Pacific's Rule and Regulation No. 2 on file with the Railroad Commission of California, a copy of which is attached hereto and made a part hereof."

Section 8 of said proposed agreement provides that in the furnishing of said natural gas to the Customer it is on an interruptible basis, which means that the service may be discontinued when there is an insufficient supply of natural gas to first meet the requirements of Applicant's regular customers, and, second, to Applicant's own plant requirements, and, third, to its surplus customers.

Section 10 provides that the Customer agrees to install and maintain, ready for use, adequate stand-by facilities as well as stand-by fuel, so that such auxiliary equipment and fuel will be ready to be used and will be used in the event natural gas is shut off, as provided under Section 8 of the agreement.

The term of the proposed agreement is for one year, dating from July 26, 1942 and continuing thereafter from month to month, provided, however, that either party shall have the right to terminate the contract at the expiration either of the initial term thereof or any subsequent contractual month by giving the other written notice of at least thirty days. It is also provided that said proposed agreement will supersede the gas contract entered into under date of May 14, 1942.

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The proposed agreement likewise provides for the continuing jurisdiction of this Commission as set forth in General Order No. 96.


Since this matter, in the opinion of the Commission, is not one in which a public hearing is required and good cause appearing;

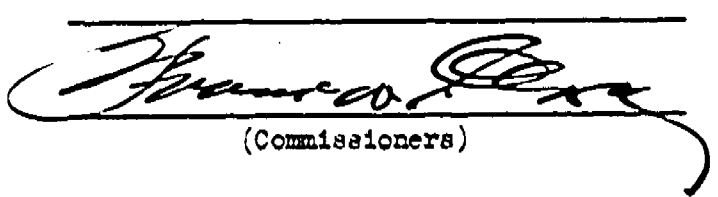
IT IS HEREBY ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that proposed special agreement with The Permanente Metals Corporation in substantially the form and contents as contained and annexed to the application as Exhibit "A," and to carry out the provisions of said agreement and to render the service at the rates herein specified.

Pacific Gas and Electric Company shall file three copies within thirty days after the agreement has been executed.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 7th day of
July, 1943.



Justice F. Coe


(Commissioners)