

Decision No. 36898

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of Pacific Gas and Electric Company for an order of the Railroad Commission authorizing Applicant to enter into a written agreement with Golden State Company, Ltd. in words and figures as contained in the form therefor, which is hereunto annexed, marked Exhibit "A" and made a part hereof.

Application No. 25991

Natural Gas Service - Loleta, Calif.

BY THE COMMISSION:

OPINION AND ORDER

In this application Pacific Gas and Electric Company, herein referred to as "Pacific," seeks authority to enter into a written agreement for the sale of natural gas to Golden State Company, Ltd.

The most important features and conditions of the agreement follow:

Under date of December 10, 1943, Pacific and Golden State Company, Ltd. hereinafter sometimes referred to as "Golden" entered and executed a written agreement under the terms of which the two parties when authorized by the Railroad Commission of California will conclude the contract.

The agreement provides that Pacific will sell and Golden will purchase "interruptible gas" in such quantities as shall be required for fuel to operate four of Golden's 150 hp high pressure boilers to be largely used for industrial purposes and incidentally for heating buildings located at Loleta, Humboldt County, California.

The agreement further provides that such interruptible gas as is interchanged between the parties shall be delivered by Pacific to Golden at the point where pipe lines owned and leased by Golden contact Pacific's pipes extending from Tompkins Hills Field in Humboldt County.

For all gas delivered thereunder Golden is to pay Pacific each month an amount of money in accordance with the following rates:

First	50,000 cu. ft. per month	49.2¢ per 1000 cu. ft.
Next	50,000 cu. ft. per month	39.2¢ per 1000 cu. ft.
Next	900,000 cu. ft. per month	26.2¢ per 1000 cu. ft.
Next	2,000,000 cu. ft. per month	23.2¢ per 1000 cu. ft.
Over	3,000,000 cu. ft. per month	22.2¢ per 1000 cu. ft.

The above rates are subject to an adjustment of 3% computed to the nearest 0.1¢ per 1000 cubic feet per 50 Btu change in heat content from a base of 1050 Btu adjustment to be computed according to Pacific's Rule and Regulation No. 2. The above tariff contains a fuel oil clause increasing or decreasing the rates 1¢ per thousand cubic feet for each 6¢ per barrel increase or decrease respectively in the price of fuel oil as regularly quoted by Standard Oil Company of California from \$1.30 per barrel in tank car lots f.o.b. Eureka, change to be to the nearest one-tenth cent, to become effective on and after the 30th day following such change in the price of oil.

Golden agrees to install suitable and adequate burner and associate equipment, at its own expense, for utilizing the interruptible gas delivered. Pacific agrees to refund to Golden the installed cost of all burner and associated burner equipment at the rate of 10% of the monthly revenue derived from the sale of gas to Golden thereunder, provided no refunds will be made by Pacific in excess of the actual cost, or \$6,500, whichever is the lower and, further, no refund shall be made after three years from the date gas was first delivered thereunder.

Pacific will install at its own cost the necessary mains and equipment for delivery of gas to Golden at a cost of approximately \$14,000, in consideration of which Golden agrees it shall, during the term of the agreement, in the event it discontinues operating the boilers or fails to take the necessary quantity of gas to operate the boilers when the gas is available, or causes the proposed agreement to be cancelled prior to its expiration date, pay to Pacific, on demand, the full cost of furnishing and installing said main, but not in excess of \$14,000.

The term of said proposed agreement will be three years from and after the date gas is first delivered thereunder, and will continue from year to year subject to termination in a manner as set forth in said proposed agreement.

The proposed agreement provides that it shall at all times be subject to such changes or modifications as the Railroad Commission of California may from time to time direct.

In further support of the authorization sought, Pacific alleges that it has given careful consideration to all the facts and circumstances bearing on the matters involved and believes and therefore alleges said proposed agreement finds warrant in the facts and circumstances obtaining. That all the terms and conditions thereof are just and reasonable to the parties thereto and that Pacific and Golden are desirous of entering into and performing the covenants thereto. Pacific further alleges the annual gross revenue, which it is estimated it will receive from the supply of natural gas to Golden under the agreement, will be approximately \$35,000 and that the consummation of said proposed agreement, in accordance with its terms and conditions, will not impose any burden upon Pacific's other natural gas customers in Humboldt County, California.

The Commission having considered the prayer of Pacific Gas and Electric Company and it being of the opinion that the application should be granted and that a public hearing is not necessary and sufficient cause appearing therefor,

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into and execute a written agreement with Golden State Company, Ltd. in words and figures contained in the form therefor which is annexed to the application marked Exhibit "A," and made a part thereof.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company is hereby authorized to charge the rates and otherwise to consummate said proposed agreement fully in accordance with its terms and conditions.

The authority herein granted shall be effective on the date hereof.

Dated at San Francisco, California, this 29<sup>th</sup> day of

February, 1944.

Richard Kachse

Justin J. Cassen

Francis R. Havens

Frank J. Cline

Walter D. Dineen

Commissioners