

Decision No. 36956

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
 approving a written agreement entered
 into by and between Pacific Gas and
 Electric Company and Southern California
 Gas Company under date of December 9, 1943,
 and authorizing the consummation thereof
 fully in accordance with its terms.

Application No. 25992.

ORIGINAL

BY THE COMMISSION:

OPINION AND ORDER

In this application the Pacific Gas and Electric Company requests that the Railroad Commission authorize and permit it to carry out the terms of a certain written agreement between it and the Southern California Gas Company under date of December 9, 1943. A copy of said agreement is attached to and made a part of the application as Exhibit "A."

Briefly, and in part, the aforesaid agreement provides that the Pacific Gas and Electric Company will make available and deliver gas as an emergency accommodation to the Southern California Gas Company under the "Integration of Gas System Operation" section of the War Production Board's Order U-7. It is clear from the agreement that the Pacific Gas and Electric Company is only undertaking the obligation to deliver gas to Southern California Gas Company as a war measure and only if it has the gas and transmission line capacity available and provided further that, among other things, Southern California Gas Company and Southern Counties Gas Company shall have first notified all surplus gas consumers, paying 20 cents or less per M.c.f., to discontinue their usage and, further, that Southern California Gas Company and other distributors in the southern area are receiving in full the amount of gas available from producers and wholesalers and as more fully stated in the aforesaid agreement. For all gas thus delivered, Southern California

Gas Company will pay Pacific Gas and Electric Company at the rate of 22 cents per M.c.f., subject to changes in accordance with the posted price of fuel oil as provided in the agreement.

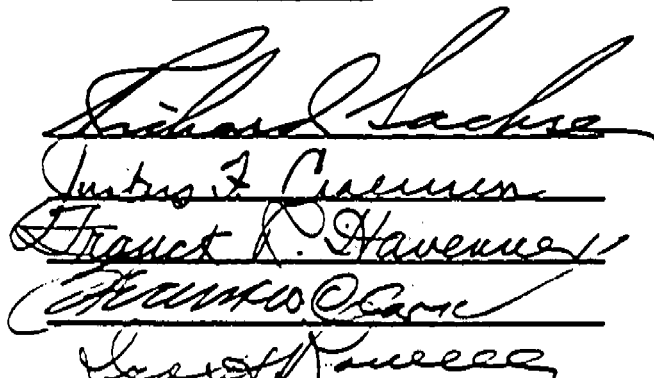
There are other conditions as to delivery and as to payment that need not be reviewed in this opinion and order. It is to be noted, however, that the agreement may be terminated by either party on twenty-four hours' written notice and if not previously cancelled the agreement shall terminate as of April 1, 1944.

It is the Commission's understanding that in all probabilities but a very small volume of gas will be transported south under the terms of this agreement, and accordingly, the rate specified is of secondary importance at this time and the Commission need not pass upon its reasonableness. It is the Commission's view, however, that the agreement of December 9, 1943, should be approved. It is clear that it is the outgrowth of an emergency war measure to insure the most advantageous use of the State's gas supply and the carrying out of an order of the War Production Board for the same purpose.

IT IS ORDERED that that certain agreement entered into by and between Pacific Gas and Electric Company and the Southern California Gas Company under date of December 9, 1943, is hereby approved and, further, that Pacific Gas and Electric Company is authorized to consummate said agreement and charge for the gas sold under the agreement in accordance with the rates specified therein and to otherwise carry out its terms and conditions.

The effective date of this opinion and order shall be the date hereof.

Dated at San Francisco, California, this 21st day of March, 1944.


Commissioners.