

Decision No. 37528

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, approving an agreement
 entered into by and between applicant
 and TIDE WATER ASSOCIATED OIL COMPANY
 dated July 29, 1937 and relating,
 among other things, to the sale by
 the former to the latter of electric
 energy and steam.

ORIGINAL

Application No. 21396

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION AND ORDER

In the first supplementary application in the above numbered proceeding, Pacific Gas and Electric Company, hereinafter referred to as Applicant, requests authority to enter into a written agreement with Tide Water Associated Oil Company, hereinafter referred to as Customer, relating to the sale and delivery of electric energy for use in the operation of Customer's oil refinery at Avon, Contra Costa County, California. A copy of the proposed agreement, marked Exhibit "A," is attached to and made a part of the application.

In support of the application, Applicant refers to an existing agreement, the subject of original application No. 21396, which has been previously authorized by this Commission under Decision No. 30071 and executed August 30, 1937 and which, among other things, authorized Applicant to provide electric energy and steam to the Customer under a mutually cooperative plan to obtain the most efficient use of fuel in a modern high-pressure steam generating station.

The result of the agreement authorized in Decision No. 30071 enabled the Applicant to install a 50,000 kva steam-electric generating unit at the

refinery of Customer and supply therewith the Customer's needs for steam up to a maximum rate of 275,000 pounds per hour and the Customer's electrical energy requirements up to a maximum of 15,000 kw. Applicant in return was in a position to utilize certain refinery wastes for fuel, as well as to make use of the energy available in steam subsequently destined for plant process use.

Applicant states that, by reason of the expansion of plant facilities by Customer, Customer is now under the necessity of obtaining additional energy which will exceed the amounts permissible of delivery to Customer under the agreement of August 30, 1937. Applicant further alleges that Customer is precluded from obtaining additional power production facilities of its own by reason of War Production Board regulations, and that the furnishing of this additional energy by Applicant and the use thereof by the Customer will be in furtherance of the war effort.

The proposed agreement refers to the existing agreement of August 30, 1937 and states that the 15,000 kw limitation imposed therein is now insufficient for the needs of the Customer and agrees to supply Customer's needs in excess of 15,000 kw on the same terms and conditions as provided in the existing contract with the following exceptions:

- (a) Delivery of excess energy to be made at Avon Substation No. 2 and metering thereof at proposed Substation No. 3. Billing maximum demand to be the maximum of the combined demands recorded at Substations Nos. 1, 2, and 3.
- (b) The quantity charge which is specified in paragraph 5 of said existing contract shall be increased one mill per kwhr for all energy delivered hereunder in excess of what would have been delivered under the terms of the existing agreement.

The extent of the additional load is estimated by Applicant to exceed by approximately 3,500 kw the original 15,000 kw maximum.

In support of the petition to grant the approval of the proposed agreement, Applicant asserts that the revenue to be produced by the energy delivered under the expanded terms of the original agreement as contemplated herein will not

differ materially from Applicant's filed Schedule P-30 (Revised Short CRC No. 869-E). Applicant further alleges that it has carefully considered the terms of the agreement, states that its terms and conditions, under the circumstances, are fair, just, and reasonable as between the parties, and that performance by Applicant of its covenant will not constitute a burden upon Applicant's other customers.

The term of the agreement is for a period of five years beginning September 1, 1944 and thereafter until terminated by twelve months' prior written notice. Customer has the option of termination on twelve months' prior written notice between September 1, 1947 and August 31, 1949 by incurring a penalty of one mill per kw-hr of energy delivered in excess of the amounts contemplated in the original agreement of August 30, 1937, from and after September 1, 1944.

The Commission having considered the request of the Applicant and it being of the opinion that the application should be granted, that a public hearing in the matter is not necessary, and sufficient cause appearing therefor

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that certain proposed agreement with Tide Water Associated Oil Company substantially in form and content as that attached to the First Supplemental Application No. 21396, marked Exhibit "A," and to supply electric service to said Tide Water Associated Oil Company; and to charge and collect for said service at the rates and under the terms and conditions set forth in said agreement.

Applicant shall file three copies of the agreement within thirty days after it has been executed. The authority herein granted shall become effective as of the date hereof.

Dated San Francisco, California, this 5th day of

December, 1944.

Richard L. ...
Justice F. ...
Francis C. ...
Francis ...
W. H. ...
 Commissioners