

Decision No. 37582

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 Rail-
road Commission approving a
written agreement entered into by
and between Pacific Gas and Elec-
tric Company and Southern Cali-
fornia Gas Company under date of
November 7, 1944 and authorizing
the consummation thereof fully in
accordance with its terms.

ORIGINAL

Application No. 26474.

BY THE COMMISSION:

OPINION AND ORDER

In this application Pacific Gas and Electric Company requests authority to enter into a certain written agreement dated November 7, 1944 with Southern California Gas Company. A copy of the proposed agreement marked Exhibit "A" is attached to and made a part of the application.

By the terms of the agreement Pacific Gas and Electric Company will undertake the delivery of gas to the Southern California Gas Company as an emergency accommodation in furtherance of the war effort under Section (b), "Integration of Gas System Operation" of the War Production Board's Order U-7.

It is obvious from the agreement that Pacific Gas and Electric Company has assumed the obligation to deliver gas to Southern California Gas Company as a war measure, thus enabling the latter (and the other southern operating companies) to supply necessary quantities of gas to war production and essential civilian service. Said delivery of gas by Pacific Gas and Electric Company will be made only if it has the gas and transmission line capacity available and provided further that, among other things, the southern companies shall have first

curtailed the use of gas as boiler fuel in their own facilities, caused all customers using gas as fuel in steam-electric generating plants to discontinue using same and shall have notified all surplus gas consumers paying twenty cents or less per Mcf to discontinue their usage. It is also provided that Southern California Gas Company and the other distributors in the southern area are receiving in full the amount of gas available from producers and wholesalers as more fully specified in the aforesaid agreement.

For all deliveries of gas made, Southern California Gas Company will pay the Pacific Gas and Electric Company twenty-two cents per Mcf subject to changes in accordance with the posted price of fuel oil as provided in the agreement.

There are other specific conditions relating to the delivery and payment that need not be reviewed in this Opinion and Order. A similar agreement dated December 9, 1943, expired April 1, 1944 and was approved by the Commission in Decision No. 36956, dated March 21, 1944, under Application No. 25992.

The proposed agreement may be cancelled by either party on twenty-four hours' notice and if not previously cancelled shall terminate April 1, 1945.

In view of the facts enumerated it is the Commission's view that the agreement dated November 7, 1944 should be approved. It is obvious that the agreement is the result of an emergency war measure to ensure 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.

In accordance with the terms of the agreement the proposed undertaking will be subject to all applicable regulations of the Railroad Commission of the State of California.

IT IS ORDERED that that certain agreement entered into by and between Pacific Gas and Electric Company and Southern California Gas Company under date of November 7, 1944 is hereby approved and, further, that Pacific Gas and Electric

Company is authorized to consummate said agreement and charge for gas sold 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 San Francisco, California, this 3rd day of

January, 1945.

Richard Lachse
Justus F. Green
Franklin
W. P. DeWitt
(Commissioners)