

Decision No. 39094

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 granting and conferring upon it all necessary permission and authority to carry out the provisions of a gas service contract entered into under date of March 27, 1946 with the CITY OF PALO ALTO, a true copy whereof is annexed hereto as Exhibit "A".

ORIGINAL

Application No. 27538

OPINION AND ORDER

In this application Pacific Gas and Electric Company requests authority to enter into a written agreement with the City of Palo Alto relating to the sale and delivery of natural gas to be used by the latter for municipal purposes and for distribution by it to its own gas customers. A copy of the proposed agreement, dated March 27, 1946, is attached to and made a part of the application.

The Pacific Gas and Electric Company points out that it has been rendering natural gas service since April 23, 1942 at the rates and under the conditions of that contract dated December 14, 1942 authorized by this Commission in its Decision No. 35989 issued December 1, 1942. This agreement was to be effective until April 22, 1947 and from contract year to contract year thereafter until terminated by either party in accordance with the terms set forth.

By Decision No. 38638 in Case 4749, dated January 23, 1946, Applicant was ordered to file revised natural gas tariffs bringing about reductions in gas rates. In reference to resale service, this Commission stated it seemed appropriate that a new and lower contract rate should be worked out by the Applicant and the City of Palo Alto, and further, that a reduction of about seven per cent would not be unreasonable,

Accordingly, discussions were held between the parties and a new agreement dated March 27, 1946 was entered into and executed. The new contract is substantially in the form of the existing contract except as to the effective term and the rates to be charged. It also contains a provision that it shall supersede and cancel the presently effective contract dated December 14, 1942.

The new agreement is to be effective as of February 21, 1946 and shall remain in full force and effect to and including February 21, 1951 and from contract year to contract year thereafter until either party shall terminate same by giving the other written notice in accordance with the terms set forth therein.

The rate portion of the agreement provides that the City of Palo Alto shall pay Applicant \$0.2435 per thousand cubic feet for all gas delivered during the primary period of the agreement. For said price the gas shall have an average monthly heating value of 1100 Btu per cubic foot with a maximum allowable variation in the monthly average of 35 Btu above or below 1100 Btu. The rate further provides that if the actual variation exceeds 35 Btu for two consecutive calendar months, the foregoing rate will be increased or decreased to conform to a new average heating value, adjusted in steps of 50 Btu from the base of 1100 Btu. Said rate will be increased or decreased 7.3 mills for each 50 Btu step. These rates are seven per cent less than the rates in effect prior to the effective date of this new contract.

The agreement contains a provision that it shall at all times be subject to such changes or modifications by the Railroad Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction.

A public hearing being deemed unnecessary, and good cause appearing, therefore

IT IS HEREBY ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that certain agreement with the City of

Palo Alto attached to this application and marked Exhibit "A" and to render natural gas service to the City at the rates and under the terms and conditions set forth in said agreement.

Pacific Gas and Electric Company shall file two copies of the agreement with the Commission within thirty days after the date of this order.

The authority herein granted shall become effective as of the date hereof.

Dated at San Francisco, California, this 18th day of June, 1946.

Harold Rudman
Justus F. Cravener
Francis D. ...
August ...
Harold P. Hills
Commissioners