

Decision No. 51918**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DOMINGUEZ WATER CORPORATION for an order granting it authority to serve water to SHELL CHEMICAL CORPORATION under special contract and for an order authorizing charging a special minimum charge. )

Application No. 37013

OPINION AND ORDER

Dominguez Water Corporation, a corporation, by the above-entitled application filed on June 4, 1955, seeks authority to carry out the terms and conditions of a special agreement, dated May 24, 1955, with Shell Chemical Corporation, a corporation, for the furnishing of water service to the latter's synthetic rubber producing plants at or near Los Angeles, California. A copy of the agreement, which provides for charges and conditions other than those set forth in applicant's filed tariff schedules, is attached to the application as Exhibit 1 and by reference is made a part hereof.

Applicant alleges that water service has heretofore been rendered to Reconstruction Finance Corporation at its rubber producing plants at or near Los Angeles, California, and that Shell Chemical Corporation is the most recent successor, in interest, as a result of its purchase of these synthetic rubber producing facilities. Water service was furnished to the Reconstruction Finance Corporation under terms of a special agreement, dated December 1, 1950, executed and filed with the Commission under the provisions of General Order No. 96, Section X, Paragraph B. The terms of this earlier agreement provide for a

minimum charge of \$3,000 per month for up to and including 8,712,000 cubic feet of water delivered, and a monthly commodity rate of 3.214 cents per 100 cubic feet for all quantities in excess of 8,712,000 cubic feet. This contract was executed for a period of seven years commencing December 1, 1950.

Under the terms of the contract requested to be authorized herein, the minimum charge is to remain at \$3,000 per month but the maximum quantity of water delivered for this charge is to be reduced to 4,246,883 cubic feet, with all additional consumption to be charged at the rate of 6 cents per 100 cubic feet per month. The quantity to be allowed for the proposed monthly minimum charge of \$3,000, and the rate for additional water used, are based upon applicant's presently filed Schedule No. 1, General Metered Service.

Applicant now believes it advisable that the parties execute a new agreement for the reason that the major producers of water in the West Coast Basin have entered into an interim agreement under the terms of which their production of water will be reduced on and after June 1, 1955, and, as a result thereof, it will be necessary that additional replacement water be imported at higher unit cost.

The terms of the proposed agreement herein also provide that it shall be made effective on June 1, 1955, and remain in effect until May 31, 1960. Further, this agreement provides that it shall supersede any and all previous agreements for water service to the subject rubber producing plants at the time the new agreement herein takes effect. Included in the proposed agreement is the provision that it shall, at all times, be subject to change or modification by this Commission in the exercise of its jurisdiction.

The Commission having considered the request of the applicant and being of the opinion that the application should be granted and that a public hearing is not necessary; therefore,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges set forth in the contract authorized herein are justified and that the present contract rates and charges are unjust and unreasonable for the future; therefore,

IT IS HEREBY ORDERED that applicant is authorized to carry out the terms and conditions of the written agreement, dated May 24, 1955, with Shell Chemical Corporation, and to render the service described therein under the terms, charges, and conditions stated therein.

IT IS HEREBY FURTHER ORDERED that applicant shall:

1. File with the Commission within thirty days after the effective date of this order two certified copies of the contract as executed, together with a statement of the date on which the contract was deemed to have become effective.
2. Notify this Commission of the date of termination of said contract within thirty days from and after said date of termination.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 6th day of SEPTEMBER, 1955.

*John E. Mitchell*  
 President  
*Justin J. Casper*  
*R. Harjo*

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