

ORIGINALDecision No. 59081

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY for
 authorization to carry out the terms
 and conditions of a contract dated
 August 3, 1959 with V. C. BRITTON CO.,
 INCORPORATED, and in connection
 therewith to refile and make effective
 in the area involved Pacific's
 applicable schedule for interruptible
 natural gas service.

Application No. 41455

(Gas)OPINION AND ORDER

Pacific Gas and Electric Company, by the above-entitled application, filed September 1, 1959, requests an order of the Commission authorizing it to carry out the terms and conditions of a contract dated August 3, 1959, with V. C. Britton Co., Incorporated, and to refile and make effective Schedule No. G-91, Interruptible Natural Gas Service, in the area involved. A copy of the contract is attached to the application, marked Exhibit A, and by reference made a part hereof for all purposes.

Applicant's Position

Applicant states that it and its predecessors, including Coast Counties Gas and Electric Company, for many years have been supplying firm industrial natural gas service for the operation of Britton's gas fired equipment at its alfalfa dehydrating plant near Firebaugh. At the time Pacific acquired the Firebaugh-Mendota service area it was supplied from the Moffat Ranch Gas Field located in Madera County. Britton increased its demand several times. As a result Pacific installed certain additions and enlargements to the

Firebaugh-Mendota gas system including extensions of transmission and distribution facilities to connect the formerly isolated system with its integrated natural gas system. These installations were made at Pacific's expense to augment the supply of gas in the area so that Pacific could carry out its obligations to supply firm gas service to customers in the area. Britton now is and has been the only large industrial gas user in the area.

Basis for the Contract

Britton has informed Pacific that the cost of gas service under Pacific's Schedule G-82, Firm Industrial Gas, is placing Britton in a disadvantageous operating position in relation to competitive alfalfa dehydrators receiving interruptible gas at other locations in California. Britton has therefore requested and Pacific is willing to make interruptible gas service applicable in the area involved, with Pacific maintaining a capacity reservation for Britton in its facilities in the area up to a maximum of 150,000 cubic feet per hour.

Under the provisions of Pacific's presently filed Rule No. 15, applicants for interruptible service are required to pay an amount of money equal to the estimated cost of that portion of such extension and/or enlargement of capacity necessary to supply applicant's load.

Pacific alleges that it has spent approximately \$290,000 on the above-mentioned extensions and enlargements of which \$174,500 is allocable to Britton for a capacity reservation of 150,000 cubic feet of gas per hour to adequately provide the present and future gas requirements of Britton.

Pacific and Britton believe and have agreed that under the circumstances appertaining, the procedure for paying said allocated

installation cost shall be at the rate of 6 cents per Mcf. The monthly amounts so accumulated will be credited against the principal amount and interest equal to one-half percent per month. The initial term of ten years was agreed to by the parties in expectation that a complete payout of principal and interest would occur within this period.

The contract contains the usual provisions of applicant's interruptible contracts and provides that if Britton discontinues operations before the expiration of the initial 10-year term of the contract or fails to take the necessary quantities of gas, when available, the unamortized construction amount and interest will become due and payable to applicant.

Applicant alleges that it believes that the terms and conditions of this contract are fair, just and reasonable to the parties thereto, and the full performance by the parties will not constitute a burden upon applicant's other gas customers.

Findings and Conclusions

The Commission is of the opinion and so finds that the applicant's request should be granted to supply Britton with interruptible gas service on Schedule G-91 under terms of the contract dated August 3, 1959, and that interruptible gas service should be authorized for the Firebaugh-Mendota area. The Commission notes that Section 15 of the contract expressly provides that customer maintain adequate standby facilities to be ready at all times for immediate operation in the event that the supply of gas shall be curtailed in accordance with the tariff conditions and rules governing interruptible service. Being of the further opinion that public hearing is not necessary; therefore,

IT IS ORDERED that:

1. Applicant is authorized to carry out the terms of a contract dated August 3, 1959 with V. C. Britton Company, Incorporated.

2. Applicant shall refile Schedule G-91, Interruptible Natural Gas Service in accordance with General Order No. 96 to make it applicable to the Firebaugh-Mendota area.

3. Applicant shall file three certified copies of the agreement as executed within thirty days after the effective date of this order.

4. Applicant shall notify this Commission of the date of termination of said agreement within thirty days 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 29th day of September, 1959.

Everett All Foye
 President

Richard B. Hill

W. H. ...

E. H. Fox

Commissioners