

Decision No. 62169**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 PACIFIC GAS AND ELECTRIC COMPANY,  
 authorizing applicant to carry out  
 the terms and conditions of a contract  
 with HAMMOND-CALIFORNIA REDWOOD CO.,  
 a subsidiary of Georgia-Pacific Corpo-  
 ration, dated ~~April 20, 1961~~ **APRIL 20, 1961**

Application No. 43433

OPINION AND ORDERApplicant's Request

By the above-entitled application, filed May 22, 1961, Pacific Gas and Electric Company seeks an order of this Commission authorizing it to carry out the terms and conditions of a contract dated April 20, 1961 with Hammond-California Redwood Co. The contract relates to the supply of interruptible gas service at Hammond's plywood mill located on the Samoa Peninsula, County of Humboldt, California. A copy of the contract is attached to the application as Exhibit A.

Proposed Service and Contract

Applicant proposes to supply interruptible gas for fuel purposes for the operation of Hammond's boilers and dry kilns. Applicant will install approximately 11,280 feet of 4-inch main and other associated components including approximately 2,200 feet of main to be laid across Humboldt Bay from the Eureka shore to the Samoa Peninsula and approximately 1,200 feet of service pipe on Hammond's property at an estimated cost of \$142,700. Gas will be supplied at a rate of flow not in excess of an hourly maximum of 60,000 cubic feet. The estimated total cost to Pacific of constructing a gas main with sufficient capacity to supply natural gas to

future customers on the Samoa Peninsula in addition to Hammond is \$154,070.

Hammond agrees to pay \$30,700 which is the estimated cost of \$142,700 less a free allowance credit of \$112,000 equal to the estimated annual revenue to be derived from the sale of gas to Hammond. The amount is not subject to refund since it is based on the cost of a main sized to Hammond's requirements which does not have spare capacity for future firm customers.

Service is to be furnished under Schedule No. G-51, Interruptible Natural Gas, and adequate standby facilities and a supply of fuel therefor will be required. The contract provides for an initial term of 10 years and provides that it will at all times be subject to such changes or modifications by the Commission as it may from time to time, direct in the exercise of its jurisdiction.

Findings and Conclusions

The Commission is of the opinion that the applicant's request should be granted to supply interruptible gas service to Hammond-California Redwood Co. under the conditions specified in the contract. The payment of \$30,700 is found to be reasonable and the amount is not subject to refund as it is based on the cost of main to supply Hammond's requirements. Hammond and Pacific agreed to an initial ten-year term in order to protect Pacific's capital investment in the gas main to furnish the required interruptible gas to Hammond. Being of the further opinion that a public hearing hereon is not necessary; therefore,

IT IS HEREBY ORDERED that:

1. Applicant is authorized to carry out the terms of a contract dated April 20, 1961, with Hammond-California Redwood Co.
2. Applicant shall file three certified copies of the contract as executed within thirty days after the effective date of this order.

3. Applicant shall notify this Commission of the date of termination of said contract 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 27<sup>th</sup> day of June, 1961.

Lawrence P. Ruge  
President  
John D. ...  
George B. ...  
Fredrick B. Holhoff  
Commissioners