

ORIGINAL

Decision No. 74653

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of PACIFIC GAS AND ELECTRIC)
COMPANY for authorization of an)
agreement with NORRIS INDUSTRIES,)
INC., pertaining to interruptible)
natural gas service.)

Application No. 50398
(Filed July 17, 1968)

OPINION AND ORDER

By this application, Pacific Gas and Electric Company seeks an order of this Commission authorizing it to carry out the terms and conditions of a written contract dated August 31, 1967 with Norris Industries, Inc. The contract relates to the temporary supply of interruptible gas to Norris' army ammunition plant located at Riverbank, Stanislaus County, California. A copy of the subject contract is attached to the application as Exhibit B.

Under a preceding agreement dated December 7, 1966, Pacific Gas and Electric Company had furnished temporary gas service on an interruptible basis during the period August 5, 1966 to August 31, 1967. A copy of this previous agreement is attached to the application as Exhibit A. Such service under Schedule No. G-50 was limited to a maximum flow rate of 110,000 cubic feet of gas per hour. The December 7, 1966 agreement (Exhibit A) was superseded by the new agreement, dated August 31, 1967, presently before the Commission for authorization. (Exhibit B).

On August 31, 1967, under the new arrangement Pacific Gas and Electric Company increased its maximum allowable flow rate obligation from the former 110,000 cubic feet per hour to 230,000 cubic feet per hour. The contract provides, among other things, that

service will be rendered under PG&E's Rate Schedule No. G-50, Interruptible Natural Gas Service, except that the agreement of August 31, 1967 provides for an alternate minimum charge. If Norris uses this service in a bona fide manner for a continuous period of 36 months from August 1966 the service will be classed as permanent and \$94,927 which has been advanced by Norris and which represents the cost to PG&E of furnishing, installing and removing temporary facilities, shall be refunded to Norris without interest at the rate of 1-2/3% for each month of service in excess of the first twelve months, exclusive of any month in which Norris has been billed either the Contract Minimum or the Monthly Cost of Ownership Charge.

If for any month the bill for interruptible gas service as computed under the effective schedule of rates and charges would amount to less than the sum of (1) \$712 (Monthly Cost of Ownership Charge), said sum being 3/4% of the installation cost of the facilities, plus (2) the therms of interruptible gas delivered by Pacific during that month, if any, at the effective terminal block rate of Schedule G-50, which (1) and (2) are hereinafter referred to as "Contract Minimum," then Norris shall pay PG&E for any such month the Contract Minimum amount instead of the minimum charge set forth in the rate schedule. Temporary discontinuance of service is permitted under the terms of the agreement.

The August 31, 1967 contract is to become effective upon this Commission's order authorizing PG&E to carry out the terms and conditions thereof. Because of Norris' pressing need for the increased quantities of gas, the facilities to serve Norris have already been constructed and service under the instant agreement is being provided. Substantial amounts of natural gas are used in Norris' activities which are temporary in nature. Hence, Norris has not been in a

position to execute a one-year contract as is normally contemplated under PG&E's Schedule G-50. Thus the contract shall remain in force for a period commencing on August 5, 1966 and continue until terminated by either party giving the other not less than 30 days' prior written notice.

The contract provides that it shall at all times be subject to such changes or modifications as this Commission may, from time to time, direct in the exercise of its jurisdiction.

Pacific Gas and Electric Company alleges that in order for Norris to have the service it needed, while at the same time minimizing PG&E's risk of having facilities of substantial value rendered useless, this agreement has been so developed that it blends the concepts of interruptible service and temporary service, at a rate comparable to that paid under an interruptible service term agreement.

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

IT IS ORDERED that Pacific Gas and Electric Company be and it is authorized to carry out the terms and conditions of the contract, dated August 31, 1967, with Norris Industries, Inc., and to render the service described therein under the terms, charges and conditions stated therein.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission, within thirty days after the effective date of this order, four certified copies of the agreement as executed, together with a revised List of Contracts and Deviations to include the listing of the contract in its filed gas tariff schedules in accordance with Section II.C.(3) of General Order No. 96-A.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file a statement promptly after termination showing the date when said contract was terminated.

The effective date of this order shall be the date hereof.

Dated at San Francisco California, this 11th day of SEPTEMBER, 1968.

William Synoux Jr.
President

John E. [unclear]

Hallam C. Benson

Augusta [unclear]

John R. Morrissey
Commissioners