

Decision No. 14406.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN JOAQUIN LIGHT & POWER CORPORATION,
for the approval of the Railroad
Commission of the State of California
of a certain contract proposed to be
entered into between said corporation
and Turlock Irrigation District.

Application No. 9882.

Murray Bourne for Applicant.
P. H. Griffin for Turlock Irrigation District.
J. J. Deuell for California Farm Bureau Federation.
E. B. Whittamore for Board of Supervisors of
Stanislaus County.
R. Lovick in propria persona.

MARTIN and WHITTLESEY, Commissioners:

O P I N I O N.

San Joaquin Light and Power Corporation seeks the approval of a contract entered into between it and Turlock Irrigation District.

The Turlock Irrigation District owns approximately a two-thirds interest in works for the storing and diverting for irrigation purposes of the waters of the Tuolumne River, which includes a hydro-electric plant with a present installed capacity of 15000 K.W. A portion of the District's share of the electrical output of this plant is distributed over lines which the District owns and operates, and under the contract now submitted for approval the Power Company will purchase the unused surplus of the District's share of the plant output. The Power Company operates a system of transmission and distribution lines covering the greater part of the San Joaquin Valley, and as of December 31, 1923, generates

electricity in 14 plants, with a total installed capacity of 140,650 K.V.A.

The contract presented for the approval of the Railroad Commission provides that, subject to certain specified limitations, the Company will take the District's surplus energy at a monthly load factor between 80 and 100 per cent, and will pay therefor at the rate of 4½ mills per kilowatt hour. Under the terms of the contract, the Company constructs the entire transmission line necessary to connect its Livingston sub-station with the sub-station of the District; but that portion of this line within the District boundaries is to be owned by the District and the cost of it is to be applied as a credit against the bills for power. Energy is to be metered at 66,000 volts at the Company's Livingston sub-station. The contract contains further provisions covering the division of power during years of low water and the usual provisions regarding liability, meter, error, etc. Its term is for 15 years, with the option of renewal by the District for an additional period of 15 years.

A public hearing was held in Turlock on October 6, 1924, at which representatives of the Power Company and the Irrigation District submitted evidence regarding the effect of the contract upon their operations. The only objection to its approval was voiced by Mr. Robert Lovick, a consumer of the Power Company whose protest goes to the general basis of the rate for energy rather than to the effect of this particular contract upon either the Company or the District.

The rate provided in this contract is clearly based upon the cost to the Company of developing electricity in its own plants rather than on the cost to the District of developing energy as a by-product in connection with the storage and diversion of water for irrigation purposes. Mr. Lovick argued that, as the rate is based upon the cost of energy from an exclusively electrical plant and

as the District is developing the energy as a by-product, the District will receive a profit on the sale of electricity; that the consumers of the Power Company will, indirectly, pay part of the cost of the water and electricity which the tax-payers of the District provide for themselves, and that in a sense the agricultural power consumers of the company will subsidize their competitors in the Irrigation District.

This contention is worthy of thought; but the Irrigation District is not a public utility, and the Railroad Commission cannot regulate or control the rate at which it sells energy to the Power Company. The Railroad Commission may refuse to approve the contract as submitted, but it cannot require the District to sell its energy at a lower price than that to which it voluntarily agrees. The energy which the Power Company will purchase from the District will cost no more than equivalent energy produced in its own plants. The Power Company and all of its consumers benefit indirectly by the growth of the San Joaquin Valley to which the prosperity of the District contributes. During the past season of sub-normal hydro-electric output throughout the State, the energy produced by the Irrigation District has been of considerable benefit to the Power Company and its consumers, and it does not appear that the question of principle raised by Mr. Lovick should be urged to the point that would prevent the utilization of the energy available in the District's power house.

We, therefore, recommend that the contract be approved and submit the following form of order.

O R D E R

San Joaquin Light and Power Corporation having applied to the Railroad Commission for the approval of a contract with

Turlock Irrigation District, a public hearing having been held and the Railroad Commission being of the opinion that said contract is in the public interest and should be approved.

IT IS HEREBY ORDERED that the contract dated March 11, 1924, between San Joaquin Light and Power Corporation and Turlock Irrigation District, a copy of which is attached to the application in this matter and identified as Exhibit "A" thereof, be and the same is hereby approved.

Dated at San Francisco, California, this 27th day of December, 1924.

C. Seavey

Irving Martin

Egerton Shore

J. S. Whittney
Commissioners