

LEW

Decision No. 24686.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PUBLIC UTILITIES CALIFORNIA CORPORATION )  
(a corporation), for authority to issue )  
its promissory notes payable more than )  
twelve months after date for the pur- )  
pose of acquiring a Diesel engine and )  
accessories. )

Application No. 18062

**ORIGINAL**

Orrick, Palmer & Dahlquist,  
for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing Public Utilities California Corporation to purchase and acquire a Diesel engine and accessories and, in order to pay the cost (\$34,794.) thereof, to issue and deliver to the order of Worthington Pump and Machinery Corporation twenty-three of its promissory notes for the amount of \$1,500.00 each, and one promissory note for the amount of \$294.00.

Public Utilities California Corporation is engaged in the business, among others, of purchasing, generating, transmitting, delivering and selling electricity for light, power and other purposes in and around Crescent City, Del Norte County. It appears that on June 26, 1929 the company entered into an agreement with Hobbs, Wall & Co. for the purchase by applicant of the electric energy required by it in serving Crescent City and vicinity. The agreement provides that at all times while the saw mill of Hobbs,

Wall & Co. shall be in operation, Hobbs, Wall & Co. will operate the steam generating plant owned by applicant at Crescent City and will furnish to applicant electric energy at the price of one cent per kilowatt-hour.

It now is reported that since January 1, 1931 the sawmill of Hobbs, Wall & Co. has been running only intermittently and that it has been necessary for applicant to generate electric energy in its steam plant by burning fuel oil. The cost of fuel oil is reported at \$2.00 a barrel delivered at Crescent City and the cost of generating electric energy by such operation is reported at 2.6327¢ per kilowatt hour, as compared with the one cent rate under the terms of the agreement.

It is not believed that the sawmill of Hobbs, Wall & Co. will operate continuously for some time to come. Applicant, therefore, has decided to install a Diesel engine and accessories at Crescent City to be used while the sawmill is not in operation and to generate electricity by means of it rather than by continuing the use of the steam plant. The cost of generating electricity by means of the proposed plant is estimated at 1.165¢ per kilowatt hour, as compared with the steam plant cost of 2.6327¢. This saving, it is believed, will amount to \$1,600. a month.

Applicant has negotiated with the Worthington Pump and Machinery Corporation for the installation of a Worthington Type D 13-1/4 x 17-1/2 five cylinder vertical four cycle direct injection Diesel engine to operate at 327 R.P. M. This engine will be arranged for direct connection to and will include, (1) 250 K.W. at .8 PF, three phase, 60 cycle, 2300 volt, 327 R.P.M. 50 deg. continuous rated alternator, furnished complete with 14 K.W. direct connected exciter, generator field rheostat, foundation caps, exciter rheostat, exciter sole plate and amortisseur windings, either General Electric or Electric Machinery Manufacturing Company; one generator and exciter panel and other necessary equipment. The

contract price for the plant installed exclusive of land, is \$34,794.00. The cost of the land is estimated at \$500.00.

Under the terms of the agreement for the purchase and installation of the plant, applicant will pay to the vendor \$1,500. monthly for twenty-three months and thereafter, one payment of \$294.00, each of said payments to be evidenced by a promissory note, the interest on which is included in the above amounts, provided that if any payment is not made when due, it thereafter will bear interest at the rate of six percent. The first note is payable thirty days after the plant is placed in acceptable operation.

Although applicant requests permission to purchase and acquire properties and to issue notes, in our opinion our authority in this matter is limited to the issue of the notes. It appears to us that the installation of the plant referred to herein is in the public interest, in that it will enable applicant to generate electric energy at a lower cost than it now does and that therefore the issue of the notes should be authorized. It does not follow from the order herein, that the Commission if called upon to fix applicant's rates, will include both of its generating plants in the rate base.

#### ORDER

Public Utilities California Corporation having made application to the Railroad Commission, as indicated in the foregoing opinion, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor to be procured or paid for through the issue of the notes is reasonably required for the purpose specified herein, which purpose

is not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED, that Public Utilities California Corporation be, and it hereby is authorized, for the purpose of paying the cost of acquiring and installing the Diesel plant and accessories referred to in the foregoing opinion and in this application, to issue twenty-three of its promissory notes for the amount of \$1,500.00 each and one promissory note for \$294.00 and of the aggregate face value of \$34,794.00, the first of said notes to be due and payable thirty days after the aforesaid plant is placed in acceptable operation, and one of said notes to be due and payable each month thereafter, and all of said notes to bear interest from maturity at the rate of six percent per annum.

The authority herein granted is subject to the following conditions:-

- (1) Applicant shall keep such record of the issue of the notes herein authorized as will enable it to file within thirty(30) days thereafter a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
- (2) The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.

DATED at San Francisco, California, this 4<sup>th</sup> day of April 1932.

Fee \$ 35 <sup>00</sup>/<sub>100</sub>

*[Signature]*  
Sec# 29570

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Commissioners.