

# ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 1799

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY  
for an order authorizing it to charge  
to DIAMOND MATCH COMPANY a rate dif-  
fering from that contained in its sched-  
ules on file with the Railroad Commission.

Application No. 1274.

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Leo H. Susman for applicant.

THELSEN, Commissioner.

### O P I N I O N.

This is an application by Pacific Gas and Electric Company for authority to charge Diamond Match Company a rate less than the rate specified for this class of service in the rates of Pacific Gas and Electric Company on file with this Commission. A public hearing on said application was held in San Francisco on September 5, 1914.

On April 17, 1910, Pacific Gas and Electric Company entered into a contract with Diamond Match Company for electric energy, to be supplied at Barber and Chico, at the rate of .5¢ per K.W.H. The term of this contract was four years, and the low rate therein specified was presumably the result of competition then existing between Pacific Gas and Electric Company and Sacramento Valley Power Company in and adjacent to the city of Chico. This contract has now expired and Pacific Gas and Electric Company desires to renew the same for a period of five years from June 15, 1914, at the rate of .65¢ per K.W.H., in accordance with terms specified in a proposed agreement, a copy whereof is attached to the petition herein and marked "Exhibit A."

In Case No. 400, Town of Antioch vs. Pacific Gas and Electric Company, this Commission found that the average cost to Pacific Gas and Electric Company for production and transmission including interest on the investment, of electric energy is .7512¢ per K.W.H., delivered at <sup>the</sup> low tension

terminals of the substation transformers. This sum does not include any item for distribution or for substations.

In order to serve Diamond Match Company, Pacific Gas and Electric Company heretofore built a transmission line from its substation at Chico to the premises of Diamond Match Company. J. G. White & Company, in their report on the properties of Pacific Gas and Electric Company, estimate that the cost to reproduce new the investment of Pacific Gas and Electric Company necessary exclusively to serve Diamond Match Company, is \$11,950.00. Without going into the details, it appears that the proposed rate to be accorded to Diamond Match Company, while exceeding the bare cost of service, exclusive of interest, will not be sufficient to return to Pacific Gas and Electric Company even as much as one half of the interest to which the company claims to be entitled. On the other hand, the former rate of .5¢ per K.W.H. involved a greater loss than the proposed rate, so that the new rate is a step in the right direction. Furthermore, if Pacific Gas and Electric Company should lose this business, the investment which the company has already made under the former contract to serve Diamond Match Company might be rendered valueless except for scrap. Finally, it appears from the evidence in the Town of Antioch case that Pacific Gas and Electric Company should have excess energy during this year, so that the company naturally desires to secure the additional gross revenue which will result from this business and which will amount to some \$13,000 per year, even though the company does not receive the full return to which it believes itself to be entitled.

The situation is complicated by the fact that other consumers of Pacific Gas and Electric Company who are approximately in the same class as Diamond Match Company or in a better class, are paying a higher rate than that which is to be accorded to Diamond Match Company. If any of these consumers apply for a reduction in their rates, it may be necessary to open up the entire matter.

After a careful consideration of all the aspects of the question, I recommend that the application be granted, subject to the

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TO ASSURE LEGIBILITY

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After a careful consideration of all the aspects of the question, I recommend that the application be granted, subject to the

conditions specified in the order.

I submit herewith the following form of order:

O R D E R.

PACIFIC GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for an order authorizing it to serve electric energy to DIAMOND MATCH COMPANY at the rate of .65 cents per K.W.H., under the terms specified in agreement between said companies which is attached to the petition herein and marked "Exhibit A," this rate being less than the schedule rate of Pacific Gas and Electric Company on file with the Railroad Commission and applicable to this class of business, and a public hearing having been held on said application,

IT IS HEREBY ORDERED that said application be and the same is hereby granted, subject to the following conditions:

1. Such losses, if any, as may be incurred by Pacific Gas and Electric Company from this business shall be borne by Pacific Gas and Electric Company and not by the company's other consumers, or any of them.

2. The rate hereby authorized will be deemed by the Railroad Commission as applicable to other consumers of Pacific Gas and Electric Company who may show themselves to be consuming electric energy under circumstances fairly comparable with ~~xxxx xxxxxxxx~~ the conditions surrounding the consumption of electric energy by Diamond Match Company.

3. The Railroad Commission reserves the right, as in all cases of this kind, to reopen this matter at any time, without being bound by the five-year provision of the agreement.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission

of the State of California.

Dated at San Francisco, California, this 15<sup>th</sup>  
day of September, 1914.

W. H. Ireland  
W. H. Gordon  
Max Thelen

Commissioners.