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Decision No. _____.

ORIGINAL

Decision No. 4132

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application
of PACIFIC GAS AND ELECTRIC COM-
PANY, a corporation, for an or-
der approving that certain agree-
ment entered into by and between
the PACIFIC GAS AND ELECTRIC COM-
PANY and the GIANT POWDER COMPANY,
CONSOLIDATED.

)
)
) Application
)
) No. 2733.
)

Charles P. Cutton for Pacific Gas
and Electric Company.

BY THE COMMISSION.

O P I N I O N

This is the application of the Pacific Gas
and Electric Company, a corporation, for the approv-
al by the Commission of a special electric power
contract entered into on the thirtieth day of Decem-
ber, 1916, between the Pacific Gas and Electric Com-
pany, a corporation, and the Giant Powder Company,
Consolidated, a corporation.

The hearing in this application was held at San Francisco before Examiner Encell on February 19, 1917, and testimony was received from representatives of both parties to the effect that the said agreement was satisfactory to each. A copy of the contract was filed with the application.

On March 23, 1907, the South Yuba Water Company, the predecessor in interest of the Pacific Gas and Electric Company, entered into a contract with the Giant Powder Company, Consolidated, under which contract the South Yuba Water Company agreed, for a term of ten years from and after the first day of June, 1909, to allow the Giant Powder Company, Consolidated, to take from the South Yuba Water Company's ditch in Placer County sufficient water for power purposes for the operation of its powder mills and the Giant Powder Company, Consolidated, agreed to pay for such water at the rate of Seventy-five (\$75.) Dollars per month.

Since the execution of the contract, the Pacific Gas and Electric Company acquired all the properties of the South Yuba Water Company and, in accordance with the contract, has continued to deliver water for power purposes to the Giant Powder Company, Consolidated. The Giant Powder Company, Consolidated, has utilized a natural drop in the existing canal system of the Pacific Gas and Electric Company's water system in that district for the operation of two 150

horsepower units - one consisting of an electric generating unit and the other a direct connected water wheel operating certain of its machinery in connection with the powder works.

At the present time the Pacific Gas and Electric Company has completed its Halsey and Wise power plants in the neighborhood of Clipper Gap and Auburn and in order to operate these plants at their maximum capacity and to utilize the water in their Bear River Canal to the highest efficiency, it desires to divert the water used for power purposes from the powder works and use the same in the two new power plants.

The original contract between the South Yuba Water Company and the Giant Powder Company, Consolidated, will not expire until June 1st, 1919, and the Pacific Gas and Electric Company proposes, in lieu of supplying water to the powder company, to install the necessary motors, transformers and other equipment to replace the present hydraulic power plants of the powder company and to supply the powder company for the remaining period of the contract with the power necessary to supplant the power obtained previously from the water at the same flat rate of Seventy-five (\$75.) Dollars per month, which was charged under the previous water contract.

It is apparent that this rate is considerably lower than the regular electric power schedules

in effect on the Pacific Gas and Electric Company's system and in that respect will be a special deviation rate. This agreement, however, will be of considerable benefit to the Pacific Gas and Electric Company as it will be possible for them to generate several times the amount of power produced by the powder company in its plant with the same amount of water. And as Pacific Gas and Electric Company only desires to fulfill its contract to supply power to the Giant Powder Company, Consolidated, for the remainder of the contract period it appears that the contract should be approved as presented.

O R D E R

PACIFIC GAS AND ELECTRIC COMPANY, a corporation, having applied to this Commission for approval of a special contract entered into between it and the Giant Powder Company, Consolidated, a corporation, for the sale and purchase of power to the powder company's plant in Placer County,

And a public hearing having been held thereon and it appearing to be for the best interests of both concerns that the contract be approved,

IT IS HEREBY ORDERED that the agreement entered into the thirtieth day of December, 1916, by

and between Pacific Gas and Electric Company, a corporation, and Giant Powder Company, Consolidated, a corporation, wherein and whereby Pacific Gas and Electric Company, a corporation, agrees to sell and deliver to Giant Powder Company, Consolidated, a corporation, electric energy for the purpose of operating the powder mills of Giant Powder Company, Consolidated, a corporation, situated in the County of Placer, State of California, and known as the "Clipper Gap Mills" for the sum of Seventy-five (\$75.) Dollars per month, be, and the same is hereby, approved.

Dated at San Francisco, California, this 24th day of February, 1917.

H. Shovaland

W. J. Gordon

Frank R. DeLoe

Commissioners.