

CONFIDENTIAL

Decision No. 8658

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 the PACIFIC GAS AND ELECTRIC COMPANY,
 a corporation, for an order of the
 Railroad Commission, approving a cer-
 tain agreement entered into by and
 between Pacific Gas and Electric Com-
 pany and Western States Gas and Elec-
 tric Company, dated the 20th day of
 February, 1919, and authorizing
 applicant to carry said contract into
 effect in the manner herein indicated.)

Application No. 4739.

C. P. Cutten, for Pacific Gas and
 Electric Company.

Chickering & Gregory, by Allen L.
 Chickering, for Western States
 Gas and Electric Company.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company asks approval of a certain contract entered into by it with Western States Gas and Electric Company under date of February 20, 1919, which sets forth the terms, conditions and rate under which electricity is to be sold to Western States Gas and Electric Company. The contract deviates from the standard rate schedule of applicant for such service, inasmuch as it provides for a combination of the two points of delivery of electricity, whereas the rate of the standard schedule applies separately to each such point

of delivery. The contract is set forth in full in the application.

Subsequent to the execution of this contract a dispute arose as to the interpretation of a certain clause thereof relative to combining the meter readings at Stockton and at Natoma, the two points of delivery, as follows:

"It being understood that for all purposes of this agreement deliveries at the two points mentioned are to be considered as one."

Pacific Gas and Electric Company interprets this clause as referring to a combination of the demands alone, said clause being contained in a paragraph referring to demand measurement, while Western States Gas and Electric Company takes the position that the clause is all inclusive and is intended to cover combination of both demands and energy under the schedule. Pacific Gas and Electric Company asks that in approving this contract the Commission uphold its interpretation.

The schedule of Pacific Gas and Electric Company for re-sale service, which is the basis of the rate in the agreement, consisting of two charges, for demand and for energy, is the standard schedule of applicant for electricity sold to other utilities and is uniformly applied in cases of a single point of delivery, and in at least one case to each point of delivery where there are two or more such points. In no case is the schedule applied to a combination of deliveries at more than one point. In the present instance the combination of both demands and energy at the two points of delivery would reduce the total amount of the charge to the Western States Gas and Electric

Company by \$720 per month. If the interpretation of the Pacific Gas and Electric Company is used, the reduction in the charge is \$270 per month.

Both parties advocate that the conditions surrounding the delivery of power at these two points are special and warrant a departure from the standard practice of applying the schedule to each point of delivery. Western States Gas and Electric Company contends that in as far as the effect of its load on Pacific Gas and Electric Company is concerned, it is immaterial to the latter whether delivery is made at one point or at several points. It further states that on account of the extent of its power purchases, it is entitled to the monetary benefit that would result from the agreed combination. Pacific Gas and Electric Company is in accord with this position only to the extent of combining the demands. It should not be overlooked, however, that delivery at the two widely separated points is more advantageous to the Western States Gas and Electric Company than delivery at a single point.

No showing has been made that the standard re-sale schedule, in its application to the separate points of delivery, is in excess of a reasonable charge in the present instance, and we are not convinced of the propriety of a special reduction in the charge for electricity sold to Western States Gas and Electric Company, as contemplated in the contract.

Under such conditions we see no occasion for this Commission, by approving this agreement, to authorize the proposed departure from the standard re-sale schedule of rates. The Commission therefore withholds its approval of this contract.

O R D E R

Pacific Gas and Electric Company having applied to the Railroad Commission for the approval of a certain agreement entered into with the Western States Gas and Electric Company under date of February 20, 1919, a hearing having been held and the matter submitted, and the Railroad Commission of the State of California finding that the departure from standard practices and charges contemplated in this agreement not being warranted,

IT IS HEREBY ORDERED that the above entitled proceeding be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this 21st day of February, 1921.

H. D. Leonard
Frank D. ...
H. P. ...
J. ...
Charles H. ...

Commissioners.