

Decision No. 29465.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY,
LTD., a California Corporation, for
an Order of the Railroad Commission
of the State of California approving
a certain Agreement entered into by
and between Applicant and Standard
Oil Company of California.

ORIGINAL

Application No. 20902.

Roy V. Reppy and B. F. Woodard, by B. F. Woodard, for Applicant.

BY THE COMMISSION:

O P I N I O N

This is an application of Southern California Edison Company, Ltd., a corporation, for an order approving a certain agreement dated November 20, 1936, made and entered into by and between applicant and Standard Oil Company of California, a corporation, for the purpose of supplying electric energy to the latter at its El Segundo oil refining plant. A copy of this agreement, marked Exhibit "A," is attached to and made a part of the application.

A public hearing was held before Examiner McCaffrey in Los Angeles on January 12, 1937, at which time testimony was introduced and the matter submitted for decision.

It appears that the Oil Company is now, and for many years last past has been, a large consumer of applicant's electric energy at the oil refining plant of said consumer in El Segundo, California; that early in the year 1936 said consumer informed applicant that it contemplated the installation

at El Segundo of a high pressure steam electric generating plant to supply itself with electric energy for use in and about its said refinery and also to furnish process steam required at said refinery; and, further, that it could generate said electric energy, in connection with its process steam, at a rate per kilowatt hour lower than the charges being made by applicant.

According to the testimony of Mr. F. B. Lewis, Vice-President and General Manager of the Power Company - and this was confirmed by the testimony of Mr. T. L. Lenzen, Electrical Engineer for the Oil Company - a similar situation developed between the Oil Company and Pacific Gas and Electric Company, in connection with the operations of the former's refinery plant at Richmond, California, and, upon failure of said Pacific Gas and Electric Company to negotiate a rate for electric energy to the satisfaction of the Oil Company, installation of a high pressure steam electric generating plant was made at Richmond by the Oil Company, resulting thereby in the loss of the business to the aforesaid Pacific Gas and Electric Company. Being confronted with this experience, representatives of applicant and the Oil Company made cost studies on the operation of said proposed plant at El Segundo, for the purpose of determining whether or not a rate could be agreed upon for the continuance of the supply of electric energy to said plant at El Segundo. The aforesaid studies culminated in the above mentioned agreement, dated November 20, 1936.

Under the terms of the agreement, two rate periods are proposed; (a) a Special Rate Period, and (b) the Regular Rate Period.

The Special Rate Period shall begin with the next regular meter reading taken at the El Segundo refinery after the date on which the City of Los Angeles first receives electric energy from the Colorado River development and shall extend to the date of its termination by the company.

The Regular Rate Period shall comprise all of the residue term of the contract not covered by the Special Rate Period.

During the Special Rate Period the following schedule of rate charges each month will be applied to the purchase of electric energy made within that month:

RATE: Four and one-half (4.5) mills per kilowatt-hour but not less than Two and 25/100 Dollars (\$2.25) per month per kilowatt of maximum demand;

MINIMUM CHARGE: One Hundred Eighty Thousand Dollars (\$180,000.00) per year.

The above rate shall be based on kilowatts of measured maximum demand, the maximum demand being taken as the average input indicated in the thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month.

During the Regular Rate Period, the consumer shall have the right to be billed each month for the electric energy used in that month on any standard rate schedule filed with the Railroad Commission applicable to the service, provided that the consumer may not change schedules more often than once each year, unless a new and lower schedule is filed by applicant for said class of service.

The term of the agreement shall be for one year from the date thereof and thereafter until terminated by either party giving written notice to the other, but the consumer may not terminate the agreement prior to nine months after the Special Rate Period is terminated.

The Special Rate Period may be terminated by applicant at any time after three months from the date of the agreement or terminated by the consumer on its election to begin construction of the proposed steam electric generating plant at El Segundo but, in such event, the consumer is

obligated to take service for a further period of nine months on applicant's regular filed schedules applicable to said service. It is also provided, in the event applicant continues the Special Rate Period for a period of five years from the date of the agreement, that the consumer may then terminate such Special Rate Period, in which case, as above, it must take service for a further period of nine months on the applicable schedules for said service. The nine months' period is assumed to represent approximately the period of construction of said proposed plant of the consumer, thus affording applicant an opportunity to make plans during the interval for the disposition of its power through other channels.

It is provided in the agreement that same shall at all times be subject to approval by the Railroad Commission and to such changes or modifications as said Commission may, from time to time, direct in the exercise of its jurisdiction.

In justification of the proposed rate, applicant alleges that it will have a considerable amount of surplus energy from and after the time that the City of Los Angeles and the Cities of Glendale and Burbank, all formerly and still in part supplied by applicant, take their requirements from the Boulder Canyon plant of the City of Los Angeles and that the rate is compensatory on an increment cost basis due to the size and character of the load under consideration. No one appeared in opposition to the application.

Consideration of the record indicates that the rate offered by applicant in the agreement is necessary to meet a competitive condition and to retain the business of the Oil Company. It is reasonably clear that the retention of said

business at such rate will not constitute a burden upon other consumers but will tend to benefit them. Under the circumstances, it would appear that the Commission should approve the contract and the Order herein will so provide.

O R D E R

Southern California Edison Company, Ltd., having applied to the Commission for an Order approving that certain agreement described above, and good cause appearing therefor;

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY APPROVES that certain agreement, dated November 20, 1936, as described in the above Opinion.

The effective date of this Order shall be the date hereof.

Dated at San Francisco, California, this 18th day of January, 1937.

William A. Mason
Leon Whidell

Robert W. ...
Ray & Riley

Commissioners.