

Decision No. 10247

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the Application of SAN JOAQUIN LIGHT AND POWER CORPORATION and MIDLAND COUNTIES PUBLIC SERVICE CORPORATION for an Order of the Railroad Commission of the State of California authorizing applicants to enter into a written agreement (relating to the sale by the former and purchase by the latter of electric energy) in words and figures as written in the form therefor which is annexed to this petition.

ORIGINAL

Application No. 21469.

BY THE COMMISSION:

OPINION AND ORDER

This is an application of the San Joaquin Light and Power Corporation and Midland Counties Public Service Corporation for an order authorizing an agreement dated September 10, 1937, relating to the sale and delivery of electric energy. A copy of said agreement, marked Exhibit "A," is attached to and made a part of the application.

Under the terms and the conditions set forth in the agreement, San Joaquin Light and Power Corporation has agreed to sell and deliver and Midland Counties Public Service Corporation has agreed to purchase and receive all the electric energy required in its public utility business. Some of the more important terms and conditions of said agreement may be here set forth.

All electric energy to be delivered and received shall be what is commonly designated as three phase, 60 cycle, alternating current and at transmission voltage. Said current is to be delivered to Midland Corporation at its Coalinga No. 1, Coalinga No. 2 and Santa Maria Substations and such other points as shall be mutually designated.

The term of this agreement is for a period of five years from and after the date of execution and thereafter from year to year; provided, however, that either party hereto may terminate this agreement at the expiration of either the initial term or any subsequent contractual year by giving twelve months' written notice prior to such termination date. The rates and charges to be paid by Midland Corporation to San Joaquin Corporation as set forth in the application are:

"Demand Charge:

\$13,000.00 for the first 10,000 kw or less of maximum demand during said month, and

\$1.25 for each kw in excess of 10,000 kw;

Energy Charge:

0.45¢ for each kw hr. of electric energy delivered during such month.

(a) The maximum demand in any calendar month will be the total of the average kilowatt deliveries hereunder at the various delivery points during any 15-minute interval in which the combined deliveries of electric energy shall be greater than in any other 15-minute interval in such month. The maximum demand on which the demand charge will be based during any month shall not be less than sixty per cent of the greatest maximum demand occurring during the next preceding months not exceeding eleven.

Any demand occurring between 11:00 P.M. of any day and 6:00 A.M. of the following day will not be considered in computing the charges on the above Schedule.

(b) The total charge for any month as computed on the above Schedule will be correspondingly decreased or increased 0.25% for each 1% that the average power factor of the energy delivered hereunder during any month shall be greater than 85% or less than 75%. Such average power factor shall be computed (to the nearest whole number) from the ratio of lagging kilovolt-ampere-hours to kilowatt-hours delivered in said month."

The rates to be charged and collected by San Joaquin Corporation and paid by Midland Corporation are different and, at the present time, lower than the rates and charges contained in San Joaquin Corporation's filed schedule for resale power service. In support of the authorization sought, San Joaquin Corporation alleges that Midland Corporation purchases all of its electric energy requirements from San Joaquin; that Midland is the largest electrical customer of San Joaquin; that Midland has made substantial reductions

in the rates and charges for electric energy and service supplied by it to its customers; that during said period Midland did not receive any reduction in the price paid for electric energy which it purchased and resold to its customers, with the result that Midland's net annual earnings have been materially reduced; that the execution and consummation of said agreement will enable Midland to effect a saving on the cost of purchased power slightly less than ten per cent annually and by effecting such savings Midland may hereafter be in a position to further reduce its electric rates and bring the same more in line with the rates charged by San Joaquin to its own customers for similar classes of service.

A study of the conditions and the resulting rate offered by said agreement does not reveal that it is unjust and unreasonable to the parties thereto, nor to the customers of either of them.

The agreement also contains a statement that it shall at all times be subject to such modification as the Commission may, from time to time, direct in the exercise of its jurisdiction.

The Commission is of the opinion that such agreement is fair to all parties and that a public hearing in the matter is not necessary and good cause appearing therefor,

IT IS HEREBY ORDERED that San Joaquin Light and Power Corporation and Midland Counties Public Service Corporation are hereby authorized to execute an agreement containing the same terms and provisions as the agreement filed in this proceeding

as Exhibit "A"; provided a copy of that final agreement is filed with the Commission within ten (10) days after its execution.

The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of October, 1937.

Walter W. ...  
Leon ...  
Grady ...  
Frank ...  
Ray & Rice  
Commissioners.