

Decision No. 30424

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Railroad Commission of the State of California approving a certain Agreement entered into by and between applicant and CITY OF PALO ALTO, a Municipal Corporation, dated September 15, 1937.

APPLICATION NO. 21515

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY and the CITY OF PALO ALTO for an order of the Railroad Commission authorizing applicants to enter into a written agreement in words and figures as written in the form therefor which is annexed hereto.

APPLICATION NO. 21627

BY THE COMMISSION:

OPINION AND ORDER

PACIFIC GAS AND ELECTRIC COMPANY and the CITY OF PALO ALTO ask that the Commission authorize applicants to enter into a certain written agreement which is attached to Application No. 21627 as Exhibit "A".

Under the terms and the conditions set forth in the proposed agreement, Pacific Gas and Electric Company (hereafter called Applicant), has agreed to sell and deliver and City of Palo Alto (hereafter referred to as Customer) has agreed to purchase and receive electric energy for its own use and for redistribution, during the term, at the price and upon the conditions therein specified. 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, sixty cycle alternating current and at approximately four thousand volts, at which voltage it shall be metered.

The term of this agreement is for a period of five years from and after August 24, 1937, and thereafter from year to year, provided, however, that either party thereto may terminate the agreement at the expiration of either the initial term or any subsequent year by giving thirty (30) days' written notice. The rates and charges to be paid by Customer and set forth in the agreement are:

Demand Charge:

First	50 KW or less of maximum demand..	\$90.00 per month
Next	150 KW of maximum demand.....	1.50 per KW
Next	300 KW of maximum demand.....	1.00 per KW
Next	500 KW of maximum demand.....	.75 per KW
All Over	1000 KW of maximum demand.....	.60 per KW

plus

Energy Charge: (to be added to the Demand Charge):

First	150 KWH per KW per month.....	.80¢ per KWH
Next	170 KWH per KW per month.....	.54¢ per KWH
All Over	320 KWH per KW per month.....	.45¢ per KWH

Demand:

The maximum demand in any month will be the average kilowatt delivery of the thirty minute interval in which the consumption of electric energy is greater than in any other thirty minute interval in the month. The maximum demand on which the demand charge and energy block will be based will not be less than 60 per cent of the greatest maximum demand occurring during the eleven preceding months.

Any demand occurring between the hours of 11:00 P.M. and 6:00 A.M. of the following day will not be considered in computing the charges under this schedule.

Power Factor:

The total charge for any month as computed on the above rates will be decreased or increased, respectively, by 0.25% for each 1% that the average power factor of the customer's load in that month was greater than 85% or less than 75%, such average power factor to be computed (to the

nearest whole number) from the ratio of lagging kilovolt-ampere-hours to kilowatt-hours consumed in the month.

Said agreement further provides that customer will at its own cost, risk and expense, maintain in good operating condition its present Diesel engine generating plant, capable of carrying a load of not less than 800 Kw. and will not operate the same except upon written notice from Applicant and as is more specifically provided in the agreement.

The agreement attached to Application No. 21627 filed December 7, 1937, provides that for each month during which said Diesel generating plant is not operated but is kept in readiness as provided, then Applicant will reduce its charges for electric service as provided by rate herein by the sum of eight hundred dollars (\$800.00) provided, however, that if Applicant has requested that said plant be operated every day during any full month then said reduction of eight hundred dollars (\$800.00) will not be made for such month.

The agreement under Application No. 21627⁽¹⁾ further provides, however, that Customer may upon 18 months' written notice, or upon a shorter notice if company has in writing consented, discontinue maintaining said generating plant for readiness to operate under which condition the Customer will pay under the Applicant's regular resale schedule without the benefit of said reduction eight hundred dollars (\$800.00).

(1) Under Application No. 21515, filed October 8, 1937, the agreement provided that Customer could on ten (10) days instead of 18 months' written notice discontinue the maintenance of said generating plant.

Since it is the desire of the parties that the conditions and/or term set forth under Exhibit "A" of Application No. 21627 be controlling and further because such changed conditions and/or terms under the latter agreement are believed more reasonable, the order here made will provide for the dismissal of Application No. 21515.

The agreement likewise provides that Customer agrees not to enter into direct competition with Applicant nor sell electric energy outside the city limits of Palo Alto at rates lower than those of Applicant for the same class of service.

The rates to be charged and collected by Applicant and paid by said Customer may be lower than the rates and charges contained in Applicant's filed schedule for resale power service. The justification for the authorization requested is better utilization of plant facilities and the retention of the Customer's load with increased sales.

A study of the conditions and the resulting rate offered by said agreement does not reveal that it is unreasonable and further the application of said agreement will not constitute a burden upon Applicant's other customers, but will tend to their benefit.

The agreement also contains a paragraph stating that it shall at all times be subject to such changes or modifications by the Commission as the Commission may from time to time direct in the exercise of its jurisdiction.

The Commission is of the opinion that a public hearing in the matter is not necessary, and good cause appearing therefore,

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized, as to electric energy furnished by it to the City of Palo Alto from and after August 24, 1937, to charge said City therefor at the rates specified in that certain proposed agreement attached as Exhibit "A" to Application No. 21627 and under the terms and conditions set forth in that agreement; provided a copy of the executed agreement is filed with the Commission within thirty (30) days from the date hereof.

IT IS FURTHER ORDERED that Application No. 21515 is here-
by dismissed.

This Order shall be effective on the date hereof.

Dated, San Francisco, California Dec. 20, 1937.

William Ware
Leon Whelan
Frank Nelson
Robert Anderson
W. L. Kelly