

Decision No. 30815

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC GAS AND ELECTRIC COMPANY)
and KEY SYSTEM for an order of the)
Railroad Commission of the State of)
California authorizing applicants)
to enter into a written agreement)
in words and figures as written)
in the form therefor which is here-)
unto annexed marked Exhibit "A" of)
Exhibit "X" hercof, and authorizing)
said applicants to consummate said)
proposed agreement in accordance)
with its terms.)

Application No. 21964

ORIGINAL

BY THE COMMISSION:

OPINION AND ORDER

In this application Pacific Gas and Electric Company and Key System ask permission to enter into an agreement in words and figures, as written in the form therefor, which is annexed to applicant's petition and marked Exhibit A of Exhibit X, and to consummate said proposed agreement in accordance with its terms.

The agreement obligates the Pacific Gas and Electric Company to construct and pay for a substation to be situate on a parcel of land on Yerba Buena Island. The construction of the substation is made necessary by the fact that the Key System, which will operate train service across the San Francisco-Oakland Bay Bridge, desires direct electric current for the operation of its transportation system. The Pacific Gas and Electric Company has facilities to deliver alternating electric current. The substation is needed to convert alternating electric current to direct electric current.

Immediately and conditionally upon the completion of the substation and the installation therein of the facilities conformable to the approved specifications and designs therefor, the Pacific Gas and Electric Company will give the Key System exclusive possession thereof. Thereafter until payment in full is made, as required by

the agreement, the Key System will at its own cost and risk(a) operate same for converting AC energy to DC energy, and (b) maintain same and all parts thereof in such condition and repair as normally obtain in similar properties where standard practices in respect to maintenance are followed.

The Key System is required to pay all taxes assessed upon the substation and to carry insurance against all loss or damage by fire, lightning, explosions, strikes, riots, civil commotions, malicious damage, tornado, windstorms, earthquake, collapse and collision in an amount equal to the insurable value of the substation. The insurance coverage may be subject to a deductible clause of not to exceed \$10,000.00 from any one fire or risk insured against, or such greater amount as may from time to time be jointly agreed upon by the Pacific Gas and Electric Company and Key System.

The Pacific Gas and Electric Company agrees to sell to the Key System, and the Key System agrees to purchase from the Pacific Gas and Electric Company said substation. The Key System will pay the Pacific Gas and Electric Company the actual cost of the substation in regular monthly installments of not less than 1/240th of said actual cost, together with interest at the rate of 6% per annum on the deferred installments. The agreement defines the terms and conditions under which the payments are to be made and the rights of the Pacific Gas and Electric Company if the Key System defaults in any payment.

The agreement is to remain in effect until midnight, November 30, 1958, and thereafter until terminated by either party by a six months written notice to that effect. During such period the Key System will purchase from the Pacific Gas and Electric Company such alternating electric current as shall be required by Key System at said substation for the conversion therein to direct electric current for use in the operation of its transportation system and for incidental

use. For the alternating electric current the Key System will pay the rate specified in the company's present Schedule P-9 or such other rate as may be lawfully established. The Key System shall be absolved from all obligations to purchase power under the agreement if, and at such time as its right to operate trains upon the San Francisco-Oakland Bay Bridge shall be permanently terminated.

Under certain conditions, the agreement may be assigned to the California Toll Bridge Authority, and the obligations imposed upon the Key System by the agreement, performed by such Authority.

The Railway Equipment and Realty Company which wholly owns the Key System, will guarantee the performances of all obligations of the Key System.

The parties will be expected to furnish the Commission with the cost of the facilities to be constructed under the terms of the agreement and the accounts in which such costs are recorded.

The Commission has reviewed the agreement and is of the opinion that a public hearing is not necessary in this matter, that the agreement is in the public interest and that its execution should be authorized, therefore,

IT IS HEREBY ORDERED that the Pacific Gas and Electric Company and the Key System be, and they are hereby, authorized to execute an agreement in terms, as set forth in the exhibit attached to the petition herein, and to consummate said agreement in accordance with its terms and provisions.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the execution of said agreement Pacific Gas and Electric Company shall file with the Railroad Commission a certified copy of said agree-

ment, together with a certified copy of the guarantee agreement executed by the Railway Equipment and Realty Company.

DATED at San Francisco, California, this 31st day of May
1938.

Walter H. ...
Leon ...
Francis ...
Railroad ...
A. J. ...
Commissioners.