

MC

Decision No. 30022

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY and SIERRA PACIFIC POWER COMPANY 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 annexed hereto.

Application No. 21948

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company and Sierra Pacific Power Company have applied for an order authorizing said applicants to enter into a proposed written agreement, a copy of which is attached to and made a part of the application. This proposed agreement between Pacific Gas and Electric Company, some times hereinafter referred to as Pacific, and Sierra Pacific Power Company, as Sierra, makes provision for the sale and delivery of electric energy by Pacific to Sierra, and the purchase and receipt of electric energy by the latter, all subject to and upon terms and conditions in said proposed agreement set forth.

Sierra has been supplied electric service at a point in the vicinity of Summit, Nevada County, California, by Pacific for many years and is presently supplied under a contract dated March 23, 1923, and originally entered into between Pacific and the Truckee River Power Company (predecessor of Sierra). Mainly for the purposes of supplying this service, Pacific constructed,

at its expense, a 60,000 volt transmission line approximately 18 miles in length from Spaulding Power house to the point of delivery to Sierra, from which delivery point Sierra's predecessor constructed, at its expense, a similar transmission line approximately 32 miles in length to its Washoe receiving station on its then existing transmission system. Said service has been required from year to year by Sierra in the conduct of its public utility business, and a similar service or other source of electric energy is presently required, and will continue to be required in the future.

Said proposed agreement provides that Pacific will construct, at its expense, an additional transmission line of a capacity equal to that of its existing line, and extending approximately 28 miles from Pacific's Drum Power House to the aforesaid point of delivery. It appears this second transmission line is essential to afford the desired reliability of service, and to fulfill growing power demands of Sierra.

All electric energy to be delivered and received shall be what is commonly designated as three phase, 60 cycle, alternating current, and the same shall be metered at the transmission voltage.

The term of the proposed agreement is from the effective date thereof to November 1, 1953, and the rates provided therein are as follows:

From effective date of proposed agreement to July 1, 1939

Demand Charge:

First	50 KW or less of maximum demand	\$76.50 per month	
Next	150 KW of maximum demand.....	1.275 "	KW
Next	300 KW of maximum demand.....	.85 "	KW
Next	500 KW of maximum demand.....	.6375 "	KW
All Over	1000 KW of maximum demand.....	.51 "	KW

plus

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

First	150 KWH per KW per month.....	\$0.00776	per KWH
Next	250 KWH per KW per month.....	0.00582	per KWH
All Over	400 KWH per KW per month.....	0.005335	per KWH

Discount:

The above rates shall be subject to a special discount allowed to assist in developing rural territory equal to 10 per cent times the ratio of Sierra's kilowatt hour sales for service rendered in rural (unincorporated) territory to the total kilowatt hour sales. The discount to be applied for any calendar year will be based on the previous year's sales of Sierra.

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 50 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.

From July 1, 1939 to November 1, 1953

Demand Charge:

First 1000 KW or less of maximum demand per month..	\$1,331.00
All excess, per KW per month.....	1.00

plus

Standby Charge:

For not more than 4000 KW.....\$30,000.00
per year, payable in equal monthly installments.

plus

Energy Charge:

For all energy delivered per KWH..... 4.5 mills

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.

Power Factor Clause:

The demand charge and the energy charge (but not the standby 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 Sierra's load in that month shall be greater or less than 85%, such average power factor to be computed (to the nearest whole per cent) from the ratio of lagging kilovolt-ampere-hours to kilowatt-hours consumed in the month; provided, however, that no power factor correction will be made for any month when Sierra's maximum demand shall be less than 10% of the highest in the preceding eleven months.

The proposed agreement, among other things, further provides, with regard to charges for service to be supplied subsequent to July 1, 1939, that -

"The standby requirements of Sierra may at the option of either party hereto be reviewed and adjusted at the end of each successive three (3) year period during the term hereof.

In the event that during any such three (3) year period it shall be demonstrated by actual experience that Sierra's standby requirements exceed 4000 kilowatts, then such greater number of kilowatts shall be deemed to be the standby requirements of Sierra and the standby charge shall be increased proportionately until again adjusted, as provided in the preceding paragraph, to such lesser or greater number of kilowatts and standby charge as may be mutually agreed upon.

Sierra agrees, in the event it contracts during the term hereof to purchase power from other than Pacific (excepting however, minor standby and minor exchange agreements), to pay Pacific hereunder not less than \$75,000.00 per year in addition to the standby charge, for each year during which it purchases power from parties other than Pacific."

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

The rates to be charged and collected by Pacific are higher than formerly charged under the presently existing contract of March 23, 1923, and are also higher than provided by Pacific's

presently filed resale power tariff.

A study of Sierra's demands upon Pacific and the type of service that Pacific will be required to furnish clearly shows that a combination resale and standby rate, such as is incorporated in the proposed agreement, is justified.

O R D E R

The Pacific Gas and Electric Company and Sierra Pacific Power Company having filed the above titled application, the Commission being of the opinion that a public hearing thereon is not necessary, and that the application should be granted, therefore, good cause appearing,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company and Sierra Pacific Power Company are hereby authorized to execute an agreement in terms substantially as set forth in Exhibit "A" attached to the application covering the sale of electric energy by Pacific Gas and Electric Company to Sierra Pacific Power Company at the rates and under the conditions therein provided.

IT IS HEREBY FURTHER ORDERED that the Pacific Gas and Electric Company shall file a copy of the executed agreement with the Commission within thirty (30) days after its execution.

This Order shall be effective immediately.

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

Walter M. ...
Leon ...
Frank R. ...
Raymond ...
Ray & Baker
Commissioners.