

Decision No. 21965

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PACIFIC GAS AND ELECTRIC COMPANY, )  
KEY SYSTEM, and INTERURBAN ELECTRIC )  
RAILWAY 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 hereunto )  
annexed, marked Exhibit "A" of Ex- )  
hibit "Y" hereof, and authorizing )  
said applicants to consummate said )  
proposed agreement in accordance )  
with its terms. )

Application No. 21965

**ORIGINAL**

BY THE COMMISSION:

OPINION AND ORDER

This application involves the execution of an agreement, under the terms of which Pacific Gas and Electric Company will construct two substations and deliver possession thereof to Key System and Interurban Electric Railway Company and sell to said railways said substations and the electric energy needed to operate trains on the San Francisco-Oakland Bay Bridge. A copy of the agreement is filed in this proceeding as Exhibit "A" of Exhibit "Y".

The construction of the substations is made necessary by the fact that the Key System and Interurban Electric Railway Company, which will operate the train service across the San Francisco-Oakland Bay Bridge desired direct electric current for the operation of their respective transportation systems. The Pacific Gas and Electric Company has facilities to deliver alternating electric current. The substations are needed to convert the alternating current to direct electric current. One of them will be located at or near Sterling and Harrison Streets, San Francisco, the other on the Key System Mole at or near the existing Key System Pier substation in Oakland.

The two substations will be constructed and paid for by the Pacific Gas and Electric Company. Immediately and conditionally upon their completion and the installation therein of the facilities conformable to the approved specifications and designs therefor, the Pacific Gas and Electric Company will give the two railways exclusive possession of them. Thereafter until payment in full is made, as required by the agreement, the railways will at their own respective costs and risks (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 railways are required to pay all taxes assessed upon the substations 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 substations. 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, Key System and Interurban Electric Railway Company.

The Pacific Gas and Electric Company agrees to sell to the Key System such facilities as it designates to be installed in each substation; to sell to the Interurban Electric Railway Company such facilities as it designates to be installed in each substation, and to sell to the two railway companies as tenants in common the joint properties installed in such substations. The railway companies will reimburse the Pacific Gas and Electric Company the actual cost of the respective properties to be conveyed to them in regular monthly installments of not less than 1/240th of the actual cost thereof, with in-

*CORRECTION*

# CORRECTION

THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

The two substations will be constructed and paid for by the Pacific Gas and Electric Company. Immediately and conditionally upon their completion and the installation therein of the facilities conformable to the approved specifications and designs therefor, the Pacific Gas and Electric Company will give the two railways exclusive possession of them. Thereafter until payment in full is made, as required by the agreement, the railways will at their own respective costs and risks (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 railways are required to pay all taxes assessed upon the substations 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 substations. 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, Key System and Interurban Electric Railway Company.

The Pacific Gas and Electric Company agrees to sell to the Key System such facilities as it designates to be installed in each substation; to sell to the Interurban Electric Railway Company such facilities as it designates to be installed in each substation, and to sell to the two railway companies as tenants in common the joint properties installed in such substations. The railway companies will pay the Pacific Gas and Electric Company the actual cost of the respective properties to be conveyed to them in regular monthly installments of not less than 1/240th of the actual cost thereof, with in-

terest 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, in the event of a default 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 railways will purchase from the Pacific Gas and Electric Company all the energy they need, to operate their trains and for other miscellaneous uses on and across the San Francisco-Oakland Bay Bridge and to pay therefor at the rate specified in the company's present schedule P-9, or such other rate as may be lawfully established. However, either Key System or Interurban Electric Railway Company will be absolved from all obligations to purchase power under the agreement if, and at such time as, its rights to operate trains upon the San Francisco-Oakland Bay Bridge are permanently terminated.

Under certain conditions the agreement may be assigned to the California Toll Bridge Authority, and the obligations imposed upon the railways 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, while the Southern Pacific Company which wholly owns the Interurban Electric Railway Company, will guarantee the performance of all obligations of the Interurban Electric Railway Company.

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, the Key System and the Interurban Electric Railway Company 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 agreement, together with a certified copy of the guarantee agreement executed by the Railway Equipment and Realty Company, and by Southern Pacific Company.

DATED at San Francisco, California, this 31<sup>st</sup> day of May 1938.

Walter R. ...  
Leon ...  
Frank R. ...  
Robert ...  
Ray L. Rice  
Commissioners.