

Decision No. 32586

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SOUTHERN CALIFORNIA EDISON COM-
PANY LTD. and SAN DIEGO CONSOLIDATED
GAS & ELECTRIC COMPANY, for an Order
of the Railroad Commission of the
State of California, approving Agree-
ment for Interchange of Power.

Application No. 23450

Roy V. Reppy by Gail C. Larkin, for the Southern
California Edison Company Ltd.

Chickering & Gregory by Walter C. Fox Jr., for
San Diego Consolidated Gas & Electric Co.

Dayton Ault, City Attorney, by Walter W. Cooper
for City of San Diego.

WAKEFIELD, COMMISSIONER:

O P I N I O N

This is a joint application of the Southern California Edison Company Ltd., sometimes herein referred to as Edison, and San Diego Consolidated Gas & Electric Company, sometimes herein referred to as San Diego Company, for an order of the Railroad Commission of the State of California authorizing applicants to make effective that certain agreement entered into April 25, 1940, and made a part of the application as Exhibit "C." The aforesaid agreement provides for the interchange of electric energy between the applicants, and for the construction, installation, maintenance and operation of the necessary transmission and interchange facilities to bring about such transfer of energy.

At the public hearing held in the Commission's courtroom, in Los Angeles, on Wednesday, May 1st, at which time the matter was submitted, witnesses for applicants explained the nature of and the obligations assumed under the proposed interchange agreement. It is deemed unnecessary to here recount and review all of the provisions of the agreement; however, some of the more pertinent features of said agreement are:

1. Edison agrees, at its own cost, to install, own, operate and maintain, at its Chino Substation, the necessary equipment, including a 50,000 kilovolt-ampere, 50-60 cycle synchronous motor generator set to effect the supply or receipt of 37,000 kilowatts as provided in the agreement. In a similar manner, Edison obligates itself to construct, operate and maintain a 3 phase transmission line (115 kilovolts nominal - 132 kilovolts maximum) from its Chino Substation to the Capistrano Substation of the San Diego Company, at which point said line will connect with the San Diego Company line. The completion date for the line facilities is set for October 1, 1941, and for the frequency changer facilities as of June 1, 1941.
2. The San Diego Company agrees, at its own cost, to construct, own, operate and maintain a transmission line (115 kilovolts nominal - 132 kilovolts maximum) from its Capistrano Substation to its proposed Mission Street Substation, to be erected near San Diego. Said transmission line is to be capable of transmitting 37,000 kilowatts of electric energy and, further, the San Diego Company will, in a similar manner, construct, operate and maintain a new substation, known as the Mission Street Substation, at the terminal of the aforesaid transmission line, with all necessary facilities adequately to provide for the interchange contemplated by the proposed agreement.
3. Edison agrees to furnish standby capacity, up to 37,000 kilowatts but not exceeding 39,000 kilovolt-amperes, at the Chino Substation metering point, on the 60 cycle side where metering is to be effected. In order to have such capacity available without previous notice, Edison will at all times maintain sufficient rolling reserve. Edison

further agrees to deliver to the San Diego Company, upon request, kilowatt-hours of energy in the form of demand energy and/or surplus energy but limited to a peak demand of 37,000 kilowatts.⁽¹⁾

4. San Diego Company agrees, on demand and when available, to furnish Edison electric energy up to the full surplus generating and transmission capacity which it has in excess of that required to supply its own consumers and other commitments.
5. San Diego Company agrees to compensate Edison for furnishing the standby capacity and rolling reserve in the amount of \$14,833 per month.⁽²⁾ Such payment is to start on the day on which the interchange facilities, including the frequency changer set, are completed and are ready for operation.
6. For kilowatt-hours of demand energy, the receiving company shall pay the supplying company the supplying company's out-of-pocket cost plus 15 per cent. For all kilowatt-hours of surplus energy, the receiving company shall pay the supplying company one-half the sum of the supplying company's out-of-pocket cost of such surplus energy and the receiving company's alternate cost of surplus energy, all as more fully set forth in the agreement.
7. The agreement provides for an Operating Board to ascertain and work out the billings for service rendered as provided in the agreement and also for the appointment of a Board of Arbitrators in case of disagreement.
8. The agreement provides that, unless extended, it shall terminate on June 1, 1951.
9. The agreement further provides that it shall not become effective until it has been authorized by the Railroad Commission of the State of California. It likewise contains the usual clause as to the Railroad Commission's continuing jurisdiction as provided by General Order No. 53.

(1) Section 7 of the agreement defines demand energy as "energy requisitioned and received, by either party from the other regardless of the out-of-pocket cost of such energy to the supplying company. Surplus energy is defined as energy which can be supplied by either party to the other at a lower cost than that at which the receiving company can produce or acquire the equivalent energy from other available sources of energy at the time of delivery."

(2) The agreement likewise sets forth the payment that would be made if the San Diego Company were supplied directly from Edison's system at 60 cycles and not through the frequency changer and also the lesser cost that would result if a third party were to be connected and use, in part, the facilities at the Chino Substation.

A review of the evidence shows that while there may be an interchange of energy between the applicants, the agreement is entered into primarily to provide the necessary standby capacity for the San Diego Company and also to provide kilowatt-hour energy when demanded by that Company. In this latter respect, it is expected that the San Diego Company will be able to qualify for a substantial amount of kilowatt-hours under the surplus classification and that Edison will be able to furnish the same. Such surplus sales, the record shows, will redound to the benefit of both parties inasmuch as the cost to the San Diego Company will be less than that at which that company can generate by steam, while to Edison such sales are advantageous as it has potential surplus energy available at low increment costs during portions of each year.

The record further shows that by tying in the two systems, as proposed, a particularly advantageous situation will result. The San Diego Company is a steam generating system, with an urban load calling for maximum generating requirements during the winter season, while Edison secures a major portion of its production through hydro generation and, because of its large rural pumping load, its maximum requirements normally come in the summer season. It was, in part, because of this diversity in demands that Edison has been able to justify a lower standby rate than the San Diego Company could realize through new production construction on its own system.

I am of the opinion that the record unquestionably establishes the desirability of the applicants carrying out the provisions of the proposed agreement and that this Commission should authorize them to do so inasmuch as the agreement will

redound to the benefit of each of the applicants and their consumers. The Commission may appropriately commend these applicants as well as the other utilities who have in a like manner brought about interconnections for more complete and efficient utilization of this State's resources and have thus coordinated their systems in a manner being sponsored by the Federal Government.

I recommend the following form of Order:

O R D E R

Southern California Edison Company Ltd. and San Diego Consolidated Gas & Electric Company having applied to the Railroad Commission of the State of California for an Order authorizing applicants to make effective that certain agreement dated April 25, 1940, as hereinbefore described and as made a part of the application as Exhibit "C"; a public hearing having been held, and the matter having been submitted and now ready for decision, and good cause appearing;

IT IS HEREBY ORDERED that Southern California Edison Company Ltd. and San Diego Consolidated Gas & Electric Company be and are hereby authorized to sell and interchange electric energy at the rates and under the terms and conditions set forth in said agreement of April 25, 1940, and to perform and carry out the terms of said agreement; subject, however, to the condition that the Railroad Commission may exercise its authority to review any acts or findings of the Board to be created under the provisions of the agreement.

The foregoing Opinion and Order are hereby approved

and ordered filed as the Opinion and Order of the Railroad
Commission of the State of California.

Dated at San Francisco, California, this 6th day
of May, 1940.

Ray L. Quincy
Frank D. Quinn
Randolph P. Quinn
H. M. Quinn
Justice D. Quinn
Commissioners.