

Decision No. 23855

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY
LTD., a California corporation, for
an Order of the Railroad Commission
of the State of California approving
a certain agreement entered into by
and between Applicant and Richfield
Oil Corporation.

ORIGINAL

Application No. 23855

Roy V. Reppy, Gail C. Larkin & B. F. Woodard,
By B. F. Woodard, for Applicant

BY THE COMMISSION:

O P I N I O N

In this application Southern California Edison Company Ltd., hereinafter sometimes referred to as Applicant, requests authorization of that certain agreement, dated September 27, 1940, with Richfield Oil Corporation, hereafter sometimes referred to as Customer, dealing with the supplying of electric energy to Customer's Watson Refinery located in the County of Los Angeles. A copy of this agreement is marked Exhibit "A" and is attached to and made a part of the application.

A public hearing on the application was held in the Commission Court Room in Los Angeles on February 6, 1941 before Examiner Wehr, at which time evidence was taken and the matter submitted for decision.

It appears from the application and the record of the hearing that Applicant has been serving the Customer with electric service at its Watson Refinery for many years, and that such service has been at the rates provided in the published tariffs of Applicant.

It is further of record that since the Customer uses large quantities of process steam in its refinery operations, it could, with but small additional

cost, generate and supply both the steam and electrical requirements. In accordance with exhibits introduced, the Customer's electrical requirements are very similar to those of Standard Oil in the latter's nearby refinery located at El Segundo - the demands established approximating 8,000 to 9,000 horsepower and the monthly consumption amounting to about 4,000,000 kilowatt hours.

Applicant pointed out that because of Customer's ability to generate its electrical requirements at low cost, and in order to bring about equality as between the charges for the services to the two refineries, Applicant has entered into an agreement with the Richfield Oil Corporation which will accord the same rate as that with the Standard Oil Company of California, and as made under Application No. 23832 now before the Commission.

Some of the more important features and conditions of said agreement may be set forth. The schedule of rate and minimum charges are as follows:

"RATE SCHEDULE:

	<u>Cents per KWH per Billing HP per Month</u>			
	<u>First</u> 50 KWH <u>per HP</u>	<u>Next</u> 50 KWH <u>per HP</u>	<u>Next</u> 100 KWH <u>per HP</u>	<u>All Over</u> 200 KWH <u>per HP</u>
7500 and over -	1.60	.60	.50	.35

MINIMUM CHARGE:

Two Hundred Thousand Dollars (\$200,000.00) per year.

The minimum charge will be made accumulative over a twelve-month period and shall be paid monthly as it accumulates.

6. (a) The billing horsepower shall be the horsepower of measured maximum demand but in no case shall be less than either, (1) 40% of the connected load, or (2) the highest measured maximum demand in the preceding eleven months, whichever is the lower, but not less than 7500 horsepower. Billing horsepower shall be determined to the nearest one-tenth (1/10) of a horsepower."

The initial term of the agreement is for a period of 5 years and thereafter until either party gives a 9-months written notice of its desire to terminate the agreement. The Customer, however, may cancel the agreement at any time during the initial 5-year period upon 9-months written notice if accompanied by a payment in addition to the charges provided by the rate schedule in special conditions as follows, to-wit:

"If cancellation becomes effective prior to the completion of two (2) full years of service under this contract, Consumer shall pay to the Company the sum of One Hundred Thousand Dollars (\$100,000.00). If such cancellation becomes effective subsequent to two (2) full years of service under this contract, then for each full year of service in excess of two (2) years the amount shall be reduced by one-third (1/3)."

It was developed at the hearing that under the power factor provision of the rate (not given above) the agreement should provide for a penalty in case the average monthly power factor fell below a certain amount, such as 70 per cent, as is normally provided in other power tariffs of the utility.

As in the Commission's Decision No. 33937, in reference to a similar agreement with Standard Oil Company of California heretofore referred to, the question must be raised as to the adequacy of the rate that averages 5 mills or less for a firm service not subject to shutoff. It is the opinion of the Commission that Applicant should not make capital investments in new production facilities in order to serve loads of this character, and, when service of this nature is made, it should be limited essentially to the utilization of surplus or unused system capacity. The Commission will expect Applicant to carefully supervise its future production expansion in order to know that loads of this character will not be a burden to the system.

The agreement contains a provision that it shall at all times be subject to such changes and modifications by the Railroad Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction.

The Commission is of the opinion that under the circumstances the record justifies the conclusion that the agreement should be authorized, and the following form of order is made:

O R D E R

Southern California Edison Company Ltd., having made application for an order authorizing that certain agreement heretofore described, and sufficient cause appearing therefor:

IT IS ORDERED that the agreement (attached to the application as Exhibit "A" and as modified by the opinion) between Southern California Edison Company Ltd. and Richfield Oil Corporation is hereby authorized, and

IT IS FURTHER ORDERED that Southern California Edison Company Ltd. is hereby authorized to render electric service and charge the rates and otherwise carry out the conditions of the aforesaid agreement; provided, however, that the authority herein granted shall not be taken as limiting the Railroad Commission's authority to modify or set aside such agreement by appropriate order.

Southern California Edison Company Ltd. shall file three (3) copies of the agreement as authorized within thirty (30) days.

Authority herein granted shall become effective as of the date hereof.

Dated at ^{Los Angeles} ~~San Francisco~~, California, this ^{26th} day of February, 1941.

[Handwritten signatures of Commissioners]

Commissioners