

Decision No. 37215

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY LTD.,
a corporation, for an Order authorizing
Southern California Edison Company Ltd.
to enter into a Supplemental Agreement
with the City of Los Angeles and its
Department of Water and Power.

ORIGINAL

Application No. 26216

BY THE COMMISSION:

OPINION AND ORDER

In this application Southern California Edison Company Ltd. requests authority to enter into a supplemental agreement with the City of Los Angeles and its Department of Water and Power for the leasing of certain electric production facilities as well as for the exchange of electrical energy with the City. A copy of said supplemental agreement is attached to and made a part of the application as "Exhibit A."

Reference is made to the initial agreement under date of November 3, 1932, wherein under its terms applicant has set aside and operated its No. 9 Unit of 60,000 kilowatt capacity in its Long Beach No. 2 plant for the City of Los Angeles. The annual compensation paid the Edison Company for the use of said unit and connecting facilities is in the amount of \$575,000 plus the actual cost of fuel.

Applicant now states that it has installed, in its No. 2 plant in Long Beach, a new generating unit designated as "Unit 8-R" having a gross capacity of 86,300 kilowatts at sixty cycles. It is one of the conditions of the supplemental agreement, under date of June 1, 1944, that the output of this new unit be made available to the city when requested with the limitations imposed in said supplemental agreement and at the rates and costs provided therein.

In addition to providing for the utilization of said Unit 8-R under the terms and conditions set forth, said supplemental agreement likewise provides for an exchange of electric energy between the two systems through interconnections in a manner that will be advantageous to both and at the rates and terms specified and all to the end that the most efficient utilization may be made of existing electric facilities in order that maximum service may be realized for war industries and others related thereto.

The compensation to be paid Edison by the City for the output of the new unit under the supplemental agreement has been resolved to a daily basis and is quite closely related to the payment of \$575,000 for Unit No. 9 after giving due weight to the differences in capacity, efficiency, and other items in respect to the 8-R Unit. Likewise, the rates and charges set forth in relation to the purchase, sale and exchange of energy are all related and tied in with the costs of operation.

The supplemental agreement does provide that the 1932 agreement shall terminate on November 3, 1947, and that the provisions of this supplemental agreement in relation to the operation of Unit 8-R are subject to termination by either party on 90 days written notice.

The supplemental agreement provides for this Commission's continuing jurisdiction as required by General Order No. 96.

Applicant represents that it has sufficient generating capacity to take care of its own customer requirements and that the terms of the supplemental agreement providing for the leasing of electrical facilities and the purchase, sale, or exchange of electrical energy will be beneficial to its own utility service both from the viewpoint of its customers and that of its stockholders.

In view of the representations made by applicant and the willingness of applicant and the City of Los Angeles and its Department of Water and Power to enter into a supplemental agreement of June 1, 1944 and the Commission's own general knowledge of the situation obtaining and the need to make the very best utilization of all electric production facilities during this war period, it is the view of the Commission that the application

should be granted; that a public hearing is not necessary; and good cause appearing, therefore,

IT IS ORDERED that the Southern California Edison Company Ltd. is hereby authorized to enter into that certain agreement attached to this application and marked "Exhibit A" with the City of Los Angeles and its Department of Water and Power and to carry out all provisions of said agreement including making the charges for the service performed at the rates and amounts therein set forth. Three copies of the agreement shall be filed with the Commission within 30 days after its execution.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 18th day of July, 1944.

Richard Lachse

Justin F. Craven

Francis O'Leary

Irving Powell
Commissioners