

Decision No. 38089

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 SAN DIEGO GAS & ELECTRIC COMPANY,  
 a corporation, for the approval of  
 a contract between it and MOUNTAIN  
 EMPIRE ELECTRIC CO-OPERATIVE, IN-  
 CORPORATED, a corporation.

Application No. 26760

BY THE COMMISSION:

O P I N I O N**ORIGINAL**

San Diego Gas and Electric Company, (hereinafter referred to as the Company) makes application in this proceeding for an Order of this Commission approving a contract between the Company and the Mountain Empire Electric Co-operative, Incorporated, (hereinafter referred to as the Customer) for the sale of electric energy by the Company to the Customer in accordance with the terms and conditions set forth in the contract, a copy of which is attached to the application as Exhibit "A."

This contract, dated April 12, 1945, according to its terms, supersedes a previous agreement between the parties dated August 7, 1939 and an amendment thereto dated October 18, 1939, which had been previously in effect.

Under the terms of the 1939 agreement the Company has furnished electric energy to the Customer through a connection to the Company's existing distribution system near Potrero Post Office in San Diego County. The Customer, operating as an electric co-operative, has distributed this energy to consumers in a portion of San Diego County, generally east of the communities of Pino Valley, Corte Madera, and Potrero.

The 1939 agreement provided for delivery of energy at a specified voltage and phase displacement at stipulated rates, and at a maximum firm capacity of 500 kw. Because of temporarily advantageous conditions, this maximum rate of delivery has been exceeded in the past, but assurance that these increased

demands can be satisfactorily met in the future necessitates substantial reinforcement of the utility's distribution system.

The extent to which service has been rendered to the Customer during the period in which the 1939 agreement has been in force is revealed by the following tabulation developed from statistics contained in the annual reports of the Company to this Commission.

San Diego Gas and Electric Company  
Sales to  
Mountain Empire Electric Co-operative, Inc.

Contract:	Demand :	Year :	Average : Monthly Max. : Kw	Peak : Kw	Kwh	Revenues : Dollars	Per Kwh : Cents	Load : Factor
-	-	1939	-	-	-	-	-	-
-	-	1940	-	-	253,080	3,417.34	1.35	-
-	-	1941	227.6	396.0	858,060	10,295.79	1.20	25.0%
500	-	1942	405.	443.	1,854,720	20,365.26	1.10	48.0%
500	-	1943	564.6	655.2	2,766,240	29,517.72	1.07	48.0%
500	-	1944	454.	624.	2,248,800	25,088.28	1.12	41.0%

The Company at the present time serves the Customer through a Company owned substation consisting of a regulator installation installed between two banks of transformers all of which are necessary to transform the Company's 12 kv, 3 wire, Delta system to the 4 wire, 12 kv, Wye system used by the Customer. This substation is located near the end of a 12 kv distribution line extending from El Cajon substation of the Company through the communities of Jamul and Barrett Dam to Potrero.

Under the terms of the 1945 agreement the Company proposes to build an extension of their 66 kv transmission system from El Cajon, easterly some 27 miles, to Descanso and connect at that point to an existing 12 kv circuit through a proposed substation. The Company further proposes to extend its 12 kv system, now existing between Descanso and Pine Valley, 2 miles southeast of Pine Valley to the proposed site of a substation to be constructed by the Customer near Laguna Junction, at which point Customer will then receive service from the company up to a maximum demand of 1,000 kw. Upon completion of this construction the connection at Potrero will be discontinued.

Supplemental information, in support of the application, submitted by the Company by letter reveals their estimate of the cost of the construction necessitated by the contract to be:

<u>Estimated Cost of Construction</u>	
<u>By Units</u>	
Line Facilities:	
27 miles - 66 kv line	142,978
2 miles - 12 kv line	4,860
Substation Facilities:	
El Cajon Substation, 66 kv	17,215
Descanso Substation, 66 kv to 12 kv	11,850
Mt. Empire Station, 12 kv metering	1,680
Assignment Material:	
Transformers & Regulators, net increase	5,750
Salvaged Material	<u>(990)</u>
Total	184,343

(Red Figure)

The foregoing construction costs may be further broken down between material and labor as follows:

<u>Estimated Cost of Construction</u>	
<u>By Type of Expenditure</u>	
Material	89,348
Labor	85,035
Balance	<u>9,960</u>
Total	184,343

The investment in these facilities will not only permit the Company to meet the increased demands of the Customer more satisfactorily, but will likewise result in substantial improvements in the operation of their other facilities in this vicinity. The removal of this load from the El Cajon - Portrero circuit will permit additional loads being served off this line in the Company's territory and the 12 kv system existing north and east of El Cajon will be reinforced by the connection to the 66 kv system at Descanso.

In order to properly reflect the revised conditions of service which will obtain as a result of this construction, and as a result of the increased firm contract demand, the rate provisions of the 1939 agreement have been altered to some extent. This change is shown in the following comparative tabulation.

Comparison of Rates

	<u>Old Rate</u>	<u>New Rate</u>
Monthly Demand Charge:		
First 50 kw or less of maximum demand	\$90.00	\$90.00
Next 200 kw of maximum demand	1.25	1.25
Excess kw of maximum demand:	1.25	1.00
Monthly Energy Charge:		
First 50 kwh per kw of maximum demand per month.	.9¢	.9¢
Next 100 kwh per kw of maximum demand per month	.8¢	.7¢
Excess kwh per kw of maximum demand per month.	.7¢	.7¢

Depending upon the actual demands established by the Customer and the Customer's load factor, the application of these rates will result in reduced rates for electric service between 6% and 8%.

The Commission having considered the application and the allegations in support thereof made by the Applicant, and being of the opinion that the application should be granted, that a public hearing in the matter is not necessary, and sufficient cause appearing therefor,

O R D E R

IT IS HEREBY ORDERED that the San Diego Gas and Electric Company be, and it is hereby authorized to carry out the terms and conditions of that certain agreement dated April 12, 1945, between San Diego Gas and Electric Company and Mountain Empire Electric Co-operative, Incorporated, to render the service therein called for, and to charge for and collect the rates therein specified.

The effective date of this Order is the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of

July, 1945.

Edward Anderson  
Justice F. Callahan

Francis D. Law

Charles H. Quinn

Commissioners