

Decision No. 38802

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN DIEGO GAS AND ELECTRIC COMPANY,
a corporation, for the approval of
an agreement with Imperial Irrigation
District and for authority to carry
out the provisions of said agreement.

ORIGINAL

Application No. 27165

OPINION AND ORDER

In this application the San Diego Gas and Electric Company, hereinafter sometimes referred to as Applicant, requests approval of an agreement with the Imperial Irrigation District, hereinafter sometimes referred to as the District, and requests authority to carry out the provisions of said agreement upon Imperial Irrigation District obtaining like authority from the California District Securities Commission. A draft of the agreement, known as the "Final Agreement," is attached to a "Preliminary Agreement of Purchase and Sale of Electric Transmission Line," which in turn is attached as Exhibit "A" to the application.

Said final agreement contains three major features: (1) the sale by the District and purchase by Applicant of a portion of an 88-kv electric transmission line from a point near Rincon substation in San Diego County for a distance of about 47 miles southeasterly to a point approximately at the junction of State Highway No. 78, and the county road leading to Borego Valley, together with an appurtenant Patrol Station and section of telephone line; (2) an agreement by Applicant and the District with respect to mutual and dependent rights of operation of said transmission line for standby and emergency service for a period of two years from and after November 1, 1945, or until the execution of the final agreement, whichever is the longer time; and (3) an agreement for a period of 25 years limiting the areas within which Applicant and the District, respectively, may distribute electric power or energy.

The preliminary agreement, which is attached to the application as Exhibit "A," has been executed by representatives of the District and of Applicant as an agreement to initiate such proceedings and to execute such additional instruments as may be necessary to carry out the spirit and purpose of the final agreement upon approval and authorization by such regulatory bodies as may have jurisdiction. In order to provide for early transfer of possession of said transmission line, the preliminary agreement provides that the Applicant shall have the immediate right to the possession, use and operation of said line, and the District agrees to deliver said line as of the date of the preliminary agreement, the 16th day of October, 1945.

The preliminary agreement further provides that in the event of failure or refusal of any of the regulatory bodies to make an order within one year authorizing the contemplated transactions in substantial accord with the terms and conditions of the final agreement, the Applicant will be deemed a lessee of the transmission line and appurtenances, paying therefor a rental of \$5,600 per year.

Sale and Purchase of Properties and Rights

Under the proposed agreement District sells and Applicant purchases for a consideration of \$140,000 that portion of the 88-kv transmission line extending from the east side of the air-break switch at Rincon substation south-easterly to a structure No. A 639 located near State Highway No. 78 about 12 miles west of the easterly boundary of San Diego County, together with that portion of District's operating telephone line approximately paralleling said portion of the transmission line. Also included in the property to be sold and purchased are the Grapevine Patrol Station located adjacent to the line and about 25 miles west of the easterly boundary of San Diego County, and appurtenant Federal Power Commission licenses, rights of way, easements, improvements, data and records pertaining to said portion of the transmission line.

Applicant states that this portion of said transmission line consists in part of 1/0 copper wire and the remainder of 2/0 copper wire on wood poles and that it was constructed in 1923. Applicant proposes to use said transmission

line in the service to Borrego Valley by the installation of a 3,000 kva, 88/12 kv substation located at Yequi Pass. In addition Applicant proposes to use said transmission line as an alternative source of energy for the Ramona-Julian-Warner Hot Springs service area and eventually to connect said transmission line with a proposed transmission line from El Cajon via Descanso, Santa Ysabel and Warner Ranch, forming a transmission loop.

Undertaking of the Parties with Respect to Mutual and Dependent Rights of Operation

The section of transmission line which is to be sold and purchased under the final agreement is a portion of a continuous line, extending from Rincon in San Diego County to El Centro in Imperial County, which was purchased in 1943 by the Imperial Irrigation District from the California Electric Power Company. Under the terms of the final agreement, both the District and Applicant agree to maintain until November 1, 1947 or until the execution of the final agreement, whichever is the longer time, their separate portions of the continuous line from Rincon to El Centro in operating condition with said line normally energized by Applicant to the El Centro substation of the District. Applicant and the District mutually agree to assist each other in case of emergency. Should the District have an emergency and desire service from Applicant, Applicant is to supply the District with the energy requested if Applicant has capacity and is able so to do. Likewise, the District is to supply energy to Applicant in the event Applicant requires emergency service from the District. The agreement provides that the charge for energy so furnished by one to the other shall be the cost of the energy to the supplier plus an amount equal to 15% of said cost.

Limitation of Areas Within Which District and Applicant Respectively May Distribute Electric Power or Energy

The final agreement provides that during the period of 25 years from and after the date of agreement the Applicant, except for use by the District, shall not directly or indirectly sell or distribute electric power or energy in any or all of the areas in San Diego and Imperial Counties lying easterly of a line described in detail in paragraph (a) of Article III of the final agreement.

Roughly, said line runs southerly from a point on the boundary between San Diego and Riverside Counties about seven miles west of the easterly boundary of San Diego County trending westerly in the central section to about 11 miles west of the easterly boundary of San Diego County, thence trending easterly to the easterly boundary of San Diego County at a point about 14 miles north of the international boundary, and thence south to the international boundary between California and Mexico. Applicant agrees not to sell or distribute electric power or energy in any other area for transmission into or for use, resale or consumption within any or all of said areas lying easterly of said line.

The District, under the terms of the agreement, likewise agrees that it shall not directly or indirectly sell or distribute electric power or energy in any or all of the areas in San Diego County lying westerly of said line or in any other areas for transmission into or for use, resale or consumption within any or all of said areas in San Diego County westerly of said line.

A similar limitation of service areas was embodied in an agreement between the Imperial Irrigation District and California Electric Power Company which agreement was authorized by this Commission in Decision No. 36623, (44 C.R.C. 814) dated September 22, 1943, in Application No. 25755. In said decision, California Electric Power Company was ordered not to sell or distribute electric energy in the area reserved to the Imperial Irrigation District, with certain exceptions. Said order of the Commission was made in accordance with the provisions of Chapter 552, Statutes of 1943 of the State of California, wherein it is provided that any order issued by this Commission limiting the area to be served by a public utility shall not become effective until the California Districts Securities Commission also shall have issued an order limiting the area to be served by the irrigation district. The procedure to be followed by the Irrigation District is set forth in Chapter 553 of the Statutes of 1943.

It is apparent that the circumstances here are similar to the circumstances surrounding the agreement between the District and California Electric Power Company. The California Districts Securities Commission, by its Order No. 92, dated February 25, 1946, has ordered that, for and during a period of

25 years from and after the date of the final agreement, Imperial Irrigation District shall not, directly or indirectly, sell or distribute electric energy, except to Applicant, in the areas of San Diego County westerly of the agreed line. The Districts Securities Commission has provided that the limitations and definitions of areas included in its Order No. 92 shall not be effective until the Railroad Commission shall have issued an order defining the areas not to be served by San Diego Gas and Electric Company. So that the positions and rights of Applicant and the District with respect to service areas may be definitely established, the order herein will provide for limitation of Applicant's service area coordinated with the limitation of the District's service area by order of the California Districts Securities Commission.

The Commission having considered the above application, and finding that the granting thereof is for the best interests of the State and of San Diego Gas and Electric Company, and not incompatible with any public interest, and being of the opinion that a public hearing is unnecessary,

IT IS ORDERED as follows:

1. San Diego Gas and Electric Company be and it is hereby authorized to execute and consummate an agreement with Imperial Irrigation District substantially in the form of the final agreement submitted with the application in Exhibit "A"; to acquire the rights and facilities therein referred to; to accept and exercise the dependent operating rights therein contemplated; to supply and receive energy as provided therein; and to charge and collect for the energy delivered thereunder in accordance with the method set forth therein.
2. The area in which San Diego Gas and Electric Company, in accordance with said final agreement, shall not have the right or authority to sell or distribute electric power or energy, directly or indirectly, except to Imperial Irrigation District, for and during a period of 25 years from and after the date of said final agreement, such date to be that upon which the same is executed and delivered, is hereby defined as any or all areas in San Diego and Imperial Counties lying easterly of that line mutually agreed to and incorporated

in said final agreement and more specifically described therein as follows, all references being to San Bernardino Base and Meridian:

Beginning at a point on the boundary line between San Diego and Riverside Counties in the State of California, which point is the Northeast corner of Section 2, Township 9 South, Range 7 East; thence South along the East line of Sections 2, 11, 14, 23, 26 and 35, Township 9 South, Range 7 East, the East line of Sections 2, 11, 14, 23, 26, and 35, Township 10 South, Range 7 East, and the East line of Sections 2, 11, and 14 in Township 11 South, Range 7 East, to the Southeast corner of said Section 14; thence from the Southeast corner of said Section 14 Southwesterly in a direct line to the Southeast corner of Section 32, Township 11 South, Range 7 East, which is also the Northeast corner of Section 5, Township 12 South, Range 7 East; thence West along the North line of said Section 5 to the Northwest corner of said Section 5, Township 12 South, Range 7 East; thence South along the West line of Sections 5, 8, 17, 20, 29, and 32 to the Southwest corner of said Section 32, Township 12 South, Range 7 East, which is also a point in the north line of Section 4, Township 13 South, Range 7 East; thence west from said point in the north line of said Section 4 to the northwest corner of said Section 4; thence South along the West line of Sections 4, 9, and 16 in Township 13 South, Range 7 East, to the Southwest corner of said Section 16; thence Southeasterly in a direct line to the Northwest corner of Section 2, Township 15 South, Range 8 East; thence South along the West line of Sections 2, 11, 14, 23, 26 and 35, Township 15 South, Range 8 East, to the Southwest corner of said Section 35; thence East along the South line of said Section 35 and Section 36 in Township 15 South, Range 8 East, to the Southeast corner of said Section 36, Township 15 South, Range 8 East, which said Southeast corner of said Section 36, Township 15 South, Range 8 East, is a point on the Easterly boundary line of said San Diego County; and thence South along the Easterly boundary line of said San Diego County to the intersection of said Easterly boundary line of said San Diego County with the International Boundary Line between the United States and Mexico.

3. Within 30 days from and after the execution of said final agreement, San Diego Gas and Electric Company shall file with this Commission one certified copy of such signed agreement.

4. San Diego Gas and Electric Company, upon acquiring the properties referred to herein, shall charge the purchase price to Account 391 - Electric Plant Purchased, and within six months thereafter shall file with the Commission its proposed journal entries to distribute such charge to the primary plant account and other accounts.

The effective date of this order is 20 days from and after the date hereof.

Dated at San Francisco, California, this 12th day of April, 1946.

Harold Anderson
Justin J. Craemer
Francis Deane
Ernest F. Powell
Harold P. Kula
Commissioners