

Decision No. 39883

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA ELECTRIC POWER COMPANY
for approval of exportation of
electric energy to Mexico.

Application No. 28135

O P I N I O N

California Electric Power Company asks permission to export electric energy from California into Mexico by sale of such energy to an indirect, wholly-owned subsidiary, Industrial Electrica Mexicana, S. A. Attached to the application are Exhibits A and B containing copies of applications before the Federal Power Commission in this regard; Exhibits C, D, and E containing copies of rate contracts and schedules, and Exhibit F containing a copy of assignment of contracts to Industrial Electrica Mexicana, S. A.

California Electric Power Company, hereinafter referred to as Applicant, is engaged primarily in rendering public utility electric service in the Counties of Mono, Inyo, Kern, San Bernardino and Riverside within the State of California. In addition to the sale of energy for exportation into Mexico the Applicant also renders electric service within the States of Arizona and Nevada. Energy sales, however, in the Nevada and Arizona Divisions are small compared to the California total. On the basis of the Annual Report to the Commission for the year 1945 and the information contained in the Application an analysis of the sales of electric energy for 1945 is shown on the following page.

CALIFORNIA ELECTRIC POWER COMPANY SALES - 1945

	<u>Energy kwhr</u>	<u>Ratio</u>	<u>Revenue Amount</u>	<u>Ratio</u>
Sales to Consumers in California Division	333,054,651	87.4%	\$4,580,091.99	86.4%
Sales to Consumers in Nevada Division	10,381,294	2.7	242,436.50	4.6
Sales to Consumers in Arizona Division	19,319,165	5.1	270,606.66	5.1
Sales from California Division to Mexico	16,254,920	4.3	186,564.00	3.5
Sales from Arizona Division to Mexico	1,916,500	0.5	18,927.60	0.4
	<u>380,926,530</u>	<u>100.0%</u>	<u>\$5,298,626.75</u>	<u>100.0%</u>

Energy delivered from the State of California to the Territory of Baja California is supplied through the Imperial Irrigation District's electric system on an exchange basis. One of the conditions of the sale of the Applicant's electric system in Imperial Valley to Imperial Irrigation District, provided for the delivery to Applicant by the District of energy for this export business. This arrangement was authorized by Decision No. 36622 of this Commission, under Application 25761. The Applicant states that it, or its predecessors have been selling energy for use in Mexico since 1925.

Energy being served from the State of Arizona to the State of Sonora with delivery at the international boundary, is obtained in Arizona from the Bureau of Reclamation. The total sales for use in Mexico, subject to the jurisdiction of this Commission, represents less than 5% of the total sales in California by the Applicant during the year 1945.

Looking to the future, it is estimated that by 1951 the sales for use in Mexico will be 32,500,000 kwhr from the California Division with a demand of 8,460 kw. Likewise the Arizona Division sales are expected to grow to 4,500,000 kwhr with a demand of 2,100 kw. Applicant's sales within California are also expected to grow and it is probable that an approximate 5% ratio will hold during the next 5 year period. However, in event the California sales remain level it is not probable that this ratio would exceed 10% at the end of the 5 year period. The California Electric Power Company has recently contracted with the Department of Water and Power of the City of Los Angeles for 30,000 kw of spinning steam reserve capacity and 20,000 kw of hydro capacity at Boulder Dam to handle load growth on its interconnected system. Applicant now appears to be in a fairly

favorable position to handle the expected load growth in its California Division, including all probable sales for use in Mexico during the next five years.

The average revenue from California Division sales for use in Mexico during 1945 was 1.15 cents per kw-hr. This compares very favorably with an average of 0.83 cents for all sales to other electric utilities during the year and is nearly as great as the 1.18 cents paid by the average commercial and industrial customer.

The Commission finds, after review and study of the Application and the several exhibits attached thereto, that the continued sale of electric energy for use in Mexico, in quantities as set forth in the Application will not interfere with Applicant's ability to furnish adequate service to its present consumers within the State of California, and it should not interfere with prospective consumers in California over a period of five years in the future; that the rates at which such energy is sold are at a level which will carry a proper share of the costs of producing and transmitting the energy and not throw any cost burden upon Applicant's consumers within California.

The Commission having considered the request of Applicant and being of the opinion that it should be granted, but subject to a five year future term, and that a public hearing in the matter is not necessary, therefore,

ORDER

IT IS HEREBY ORDERED that California Electric Power Company be and is hereby authorized to continue sale of electric energy by its California Division for use in Mexico, under the terms and conditions as set forth in Exhibits A to F

of the Application, but limited to a period of five years following the effective date of this order.

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

Dated at San Francisco, California this 21st day of January

1947.

Harold P. Kule
Justice F. Calver
W. H. Powell
R. F. D. [unclear]
Commissioners.