

Decision No. 40484**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY LTD. for a certificate that present and future public convenience and necessity require or will require the construction and operation of Applicant's electrical generation, transmission and distribution system to render sixty cycle alternating current service, and for an Order fixing said frequency as a standard for said system, and authorizing discontinuance of fifty cycle alternating current service in territory served by Applicant.

Seventh Supplemental  
Application No. 26791

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY LTD., a corporation, for an Order of the Public Utilities Commission of the State of California authorizing it to carry out the terms of a Supplemental Service Agreement with the City of Anaheim, a municipal corporation, for the furnishing of electric service to said City for resale purposes.

First Supplemental  
Application No. 26861

OPINION AND ORDER ON SUPPLEMENTAL APPLICATIONS

Southern California Edison Company Ltd., on June 3, 1947, submitted a contract with the City of Anaheim, which contains the terms and conditions governing the conversion to 60-cycle operation of the electric system owned and operated by the City but supplied with power by Edison. At the same time Edison submitted an amendment to the contract whereby the City now purchases energy from Edison for distribution and resale. This latter contract was authorized by the Commission by Decision No. 36167 in Application No. 26861. Edison requests authority to carry out the provisions of the frequency change agreement and the resale service agreement as amended.

Those agreements provide that Edison will adapt City's own utilization equipment, as well as City's consumers' utilization equipment. Adaptations will generally be carried out in the same manner and to the same extent as Edison has undertaken to do for its own customers. Edison will carry out the conversion work with its own forces or through subcontractors.

The contract covering the details of Edison's agreement to convert utilization equipment belonging to the City and its customers is substantially the same as contracts heretofore authorized by this Commission covering similar agreements between Edison and the Cities of Riverside and Colton. These two previous contracts, however, incorporated directly in their provisions a method of settlement whereby the cost of converting the cities own utilization equipment was to be borne by Edison and the cost of converting the cities' customers' equipment was to be shared equally between Edison and the City. These settlements were to be predicated on a specified method of cost allocation. With respect to the contract with the City of Anaheim, however, the conversion work will be performed at Edison's expense and Edison will be reimbursed for the City's share of the cost of conversion through the surcharge to future electric service bills provided for in the amendment to the present resale service contract between Edison and the City.

Edison estimates it will expend approximately \$158,000 to adapt the City's and City's consumers' equipment. Of this amount \$14,000 represents estimated expenditures for conversion of the City's own equipment which will be borne by Edison. The remainder of \$144,000 is to be borne equally by City and Edison. Since all of the work is to be performed by Edison or its subcontractors, this will result in a total amount due Edison from City of \$72,000.

The manner of payment of this amount is set forth in a Supplemental Service Agreement entered into between City and Edison and designated in reference to Seventh Supplemental Application No. 26791 as Exhibit B.

Concurrently herewith, on June 3, 1947, Edison filed for approval under First Supplemental Application No. 26861 the same Supplemental Service

Agreement referred to immediately above, but designated therein as Exhibit A. Exhibit A provides that City agrees to pay Edison, in addition to the rates and charges set forth in the contract between City and Edison, authorized by Decision No. 38167, an additional charge of ten per cent (10%) of each monthly bill rendered by Edison to City for electric energy supplied to City under said contract.

Under the terms of the Supplemental Service Agreement, payments for this additional charge will begin July 10, 1947, and continue each month thereafter until such time as the City shall have paid Edison an amount of \$72,000 in additional charges.

It is further provided that in the event Edison has not been paid in full, as specified above, on or before May 10, 1950, the date of expiration of the original contract, the contract as modified by the Supplemental Service Agreement will automatically continue from month to month until Edison has been paid in full by City, and shall continue thereafter from month to month until terminated by either party by written notice.

Edison's annual reports to the Commission indicate annual revenues from service to the City have grown from \$88,500 in 1939 to \$139,700 in 1946. Indications are that the proposed plan of repayment will therefore be completed in about five years. Care should be taken that future payments of the surcharge will not become confused with nor included in revenue from sales of electricity.

The disposition of the costs assumed by Edison under these contracts is an accounting matter between Edison and the Commission and will be disposed of at a later date. Edison should keep separate records of such costs for subsequent analysis.

The applications having been considered, the Commission being of the opinion that a public hearing is unnecessary, and that the contracts as submitted are not adverse to the public interest and should be authorized, therefore

IT IS HEREBY ORDERED in Seventh Supplemental Application No. 26791 that Southern California Edison Company Ltd. be and it is hereby authorized and directed as follows:

1. To carry out the terms and conditions of that certain contract with the City of Anaheim, dated May 28, 1947, attached to the Seventh Supplemental Application as Exhibit A.
2. To account until further order of the Commission for costs incurred in connection with said contract in accordance with the order in Decision No. 38090, as amended.
3. To maintain such records as will permit segregation of cost of adapting City's consumers' equipment for such subsequent analysis, review and disposition as the Commission may hereafter deem necessary.

IT IS HEREBY ORDERED in First Supplemental Application No. 26861 that Southern California Edison Company Ltd. be and it is hereby authorized to carry out the provisions and terms of that certain Supplemental Service Agreement dated May 28, 1947, between said utility and the City of Anaheim, providing for certain additional charges for the period stated in said agreement.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 28<sup>th</sup> day of June, 1947.

Harold Kula  
Justin J. Calver  
W. H. Russell  
A. J. ...  
Kenneth Potter  
Commissioners