

Decision No. 41276

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY and
 SOUTHERN CALIFORNIA EDISON COMPANY
 for an order of the Public Utilities
 Commission of the State of California
 granting and conferring upon appli-
 cants all necessary permission and
 authority to carry out in accordance
 with its terms and conditions an
 electric interchange agreement,
 dated December 31, 1947 (Exhibit "A"
 hereof).

Application No. 29071

OPINION AND ORDER

In this application Pacific Gas and Electric Company (Pacific) and Southern California Edison Company (Edison) request this Commission to authorize each party to carry out the provisions of an agreement between the parties dated December 31, 1947, relating to the interchange of electricity.

The present agreement succeeds an agreement which terminated December 31, 1947, between Edison and San Joaquin Light and Power Corporation, to whose interest Pacific previously has succeeded.

The new agreement provides that each company shall supply the other with such capacity and energy as in the sole judgment of the supplier may be available in order that the most economical power sources may be fully utilized. Each agrees to supply capacity and energy to the other in emergencies to the extent the supplier, in its judgment, may be able to furnish such emergency help. Payments for energy exchanged for reasons of economy will be based upon the average of supplier's out-of-pocket cost and receiver's alternative cost, but not less than supplier's out-of-pocket cost, plus 15 per cent

and in no event less than one mill per kilowatt-hour. For emergency exchanges the payment will consist of a capacity charge of \$1.25 per kilowatt per month of 30 minute maximum demand prorated by the number of days capacity was delivered. Payment will be made for not less than the agreed upon number of days for which the capacity was requested, unless supplier loses ability to supply, nor less than 80 per cent of the capacity requested. Energy charges for emergency exchange will be supplier's out-of-pocket cost plus 15 per cent, but in no event less than one mill per kilowatt-hour.

When emergencies arise during periods of energy transfers for economy charges for that day's deliveries will be predicated upon emergency transfer charges unless such energy and capacity are promptly replaced from the cold reserves of the system on which the emergency occurs.

Each party will be entitled to use its least expensive sources for supplying its own customers and the next least expensive source may then be assigned for service hereunder. The parties agree to maintain interconnections presently existing at Piedra, Vestal and Kern Canyon and other interconnections may be established as circumstances may require. The Magunden interconnection is being temporarily disconnected because of Edison's need for those transformers elsewhere. The interconnection will be reestablished shortly by installation of Pacific transformers and construction of a 110 kv line to Kern Steam Plant. Operating details are to be worked out jointly by an operating board, consisting of one member representing each party. Cases of disagreement are to be settled by an arbitrator jointly selected.

The term of the agreement is from January 1, 1948, to December 31, 1952. On January 2, 1952, each shall notify the other of its desire either to terminate or to extend the agreement. The agreement contains the usual

release for reasons beyond either party's control and each agrees to indemnify the other for liability arising from construction, maintenance, or operation of either party's system. It is agreed that energy generated outside the state of California will not be exchanged.

The agreement provides that it will become effective upon authorization of the Commission and is subject to such changes or modifications as the Commission may direct in the exercise of its jurisdiction.

The new agreement, unlike the agreement which expired December 31, 1947, contains no specified commitments either of capacity or of energy. As an indication of the extent of interchange during the past five years, data reported to the Commission for each of the years and the several delivery points is tabulated below:

| | Nominal Voltage | Energy Received from Edison (Kilowatt-hours) | | | | |
|------------------------|-----------------|--|-------------|-------------|-------------|-------------|
| | | 1947 | 1946 | 1945 | 1944 | 1943 |
| <u>Delivery Point:</u> | | | | | | |
| Kern Canyon | 70 Kv. | 376,800 | 38,172,000 | 21,144,000 | 102,775,200 | 110,572,800 |
| Vestal | 70 Kv. | - | 15,480,372 | 914,400 | 67,838,400 | 82,040,400 |
| Piedra | 220 Kv. | 222,829,200 | 183,376,800 | 104,259,600 | 347,731,200 | 394,877,400 |
| Magunden | 70 Kv. | 215,478,720 | 145,865,280 | 207,369,600 | 171,163,200 | 211,573,440 |
| Total | | 438,684,720 | 382,894,452 | 333,687,600 | 689,508,000 | 799,064,040 |
| Maximum Demand, Kw. | | | 154,300 | 119,000 | 181,500 | 203,500 |
| | | Energy Delivered to Edison (Kilowatt-hours) | | | | |
| | | 1947 | 1946 | 1945 | 1944 | 1943 |
| <u>Delivery Point:</u> | | | | | | |
| Kern Canyon | | - | - | - | - | - |
| Vestal | | - | - | - | - | - |
| Piedra | | 75,074,400 | 10,774,800 | 766,800 | 699,000 | 7,200 |
| Magunden | | 1,399,630 | 3,092,160 | 960 | 4,800 | 960 |
| Total | | 76,474,030 | 13,866,960 | 767,760 | 703,800 | 8,160 |

The tabulation indicates a very substantial flow of power and energy from southern to northern California during this period. The severely restricted resources of both companies at present no doubt will see the end of any extensive movement of large blocks of power continuously in one direction. Due to completion schedules of new plants, however, it is anticipated that important assistance can be made available in either direction and undoubtedly will be needed during the difficult times foreseen, at least for the balance of this year.

In view of the present pressing need for maximum pooling of electric resources in the state, the extension of this power interchange policy is imperative. During the present critical period of electric power supply deficiencies,⁽¹⁾ it likewise appears prudent that no company unduly burden its resources by commitments beyond its means. The present agreement appears to place no undue burden upon either party nor their respective customers and yet makes available potentially important aid to both.

It therefore appears to the Commission that the consummation of the agreement is in the public interest and the Commission so finds. The Commission having considered the proposed electric power interchange agreement between Pacific and Edison, being of the opinion that it should be authorized and that a public hearing is not necessary and good cause appearing, therefore

IT IS HEREBY ORDERED that Pacific Gas and Electric Company and Southern California Edison Company be and they hereby are authorized to carry out the terms and conditions of that certain contract between the parties dated December 31, 1947, attached to the application as Exhibit A; to construct the facilities therein contemplated; to render the service therein provided and to bill and collect the charges therein specified.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 2nd day of March, 1948.

R. J. Ingraham
James F. Coakley
Walter H. Russell
Harold P. Hills
Samuel H. Potter
Commissioners

(1) See Decision No. 41256 in Case 4939, decided February 24, 1948, in the Commission investigation into the availability of and demands for electricity in northern and central California.