

Decision No. 42234

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of  
 PACIFIC GAS AND ELECTRIC COMPANY, a  
 corporation, for an order of the  
 Railroad Commission of the State of  
 California granting and conferring upon  
 applicant all necessary permission and  
 authority to consummate, in accordance  
 with its terms, a written agreement with  
 FEATHER RIVER PINE MILLS, INC., dated  
 March 26, 1946, (Exhibit "A" hereof).  
 (Electric service agreement)

Application No. 27459  
 (First Supplemental  
 Application)

OPINION ON FIRST SUPPLEMENTAL APPLICATION

Pacific Gas and Electric Company asks permission to amend the portion of a contract, dated March 26, 1946, governing rates for sale of electric energy to Feather River Pine Mills, Inc. The March 26th agreement contains a fuel clause which provides for an increase in the energy rates of 0.1 mill for each five cents (or major fraction thereof) increase in the market price of fuel oil above \$1 per barrel. Increases in price of oil have raised the rate to the point where power costs to the Feather River Pine Mills, Inc., are now approximately 17% greater than if billing were made under the regularly filed tariff Schedule C-6. This schedule is available to Pacific Gas and Electric Company's other customers whose business operations are similar to those of the Feather River Pine Mills, Inc.

The original agreement was authorized on July 9, 1946 by Decision No. 39178, of the Railroad Commission of the State of California (now the Public Utilities Commission of the State of California). This application, entitled First Supplemental Application, contains Exhibit B which is an agreement under date of August 18, 1948 modifying Section 6 of the March 26, 1946 agreement and changing the rates.

The present rate is of a demand and energy type at a level of and similar to filed Schedule P-30, except that it contains only clauses regarding (a) demand, (b) off-peak demand, (c) power factor, and (d) fuel clause. The proposed schedule is of a blocked energy and load factor type at a level of and similar to filed Schedule C-6, except that it contains only demand and power factor clauses. No other provisions of the contract of March 26, 1946 are being changed, and in all other respects said contract would remain in full force and effect. The utility now finds that effective October 1, 1946, the filed schedule became more favorable, and is now asking to make the rates retroactively effective to such date. In the application for approval of this condition it is stated:

"In the negotiations between Pacific and Lumber Company which culminated with execution of said existing agreement, and whereunder Pacific, among other things, acquired certain electric distribution properties from Lumber Company, the latter was advised by representatives of Pacific that in event, during the term of said agreement, application of rates and conditions of an applicable filed electric tariff of Pacific to the account of Lumber Company would result in lower cost for electric service than the rates set out in said agreement, Lumber Company would be accorded the benefit thereof."

The utility states that an excess amount of \$9,015.08 was collected between October 1, 1946 and July 1, 1948. The actual billing during this period was \$59,031.40 for 4,232,762 kwhr, while under the C-6 rate it would have been \$50,016.32.

This is not a case involving a complaint by the customer and requesting reparations from a utility, but is in effect a request by the utility to make a refund because of delay in analyzing the relative level of rates under the effect of rapid changes in the price of fuel oil. If the utility had been more prompt in making the analysis and requesting a change in the contract, no sizeable refund would now be necessary.

Technically this is not a new contract and what the utility in effect is seeking is authority to amend the existing contract rate to accord with the C-6 rate and make it effective as of the day it became lower so as to give the customer full advantage of any savings.

The Commission is of the opinion that the agreement should be approved and the utility permitted to amend and modify the original contract and make the refund.

O R D E R

The Commission having considered the request of the applicant, and being of the opinion that it should be granted and that a public hearing in the matter is not necessary, therefore,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company is authorized to carry out the terms and conditions of the agreement dated August 18, 1948 with the Feather River Pine Mills, Inc., as set forth in Exhibit B of the First Supplemental Application under Application No. 27459, and apply the new rates retroactive to October 1, 1946.

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

Dated at San Francisco, California, this 16<sup>th</sup> day of November, 1948.

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*Joseph H. Russell*  
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*Harold T. Hills*  
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*Wm. H. [unclear]*  
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Commissioners