

Decision No. 42488

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY,
a corporation, and CALIFORNIA
ELECTRIC POWER COMPANY, a corporation,
for an Order of the Public Utilities
Commission of the State of California
authorizing a certain agreement by and
between Applicants.

Application No. 29981

ORIGINAL

OPINION AND ORDER

Southern California Edison Company^{1/} and California Electric Power Company^{2/} in this application submit to the Commission an agreement between the parties, dated January 6, 1949, whereby Edison agrees to supply electric power and energy to California Electric for a period of five years.

California Electric serves customers in the eastern part of California in Riverside, San Bernardino, Inyo, and Mono Counties. It operates a number of its own hydroelectric plants in northern Inyo County and a steam plant at San Bernardino. Additional power is obtained from its participation in the federal government's Hoover Dam project, from the City of Los Angeles, and small amounts of interchange power from other interconnected utilities. Because of its geographical location, opportunities for developing economical sources of power have been limited. For a number of years it has increased its power resources by procuring its requirements from neighboring electric generating systems.

The annual reports to this Commission submitted by California Electric show a sharp increase in demand and energy requirements over

^{1/} Hereinafter known as Edison.

^{2/} Hereinafter known as California Electric.

the past several years. This load growth can be illustrated by the following tabulation:

<u>Year</u>	<u>System Demand Thous. Kw</u>	<u>Annual Increase Per Cent</u>	<u>Energy Output Million Kwhr</u>	<u>Annual Increase Per Cent</u>
1943	84.0	- %	513.8	- %
1944	78.7	(6.3)	478.6	(6.8)
1945	91.1	15.8	516.9	8.0
1946	85.0	(6.7)	548.6	6.1
1947	108.9	28.1	615.8	12.2

(Red Figure)

The figures indicate that the demand has increased 30% and the energy requirements 20% in the five-year period from 1943 to 1947, inclusive. In support of the application, California Electric submitted estimates of its future energy requirements and the corresponding demands which will be needed to supply the anticipated load growth. The amount of demands and energy over and above its present resources for the five ensuing years, according to California Electric estimates, can be shown as follows:

Resources Required in Addition to Present Capacity

<u>Year</u>	<u>Energy Requirements. Millions Kwhr</u>	<u>Demand Requirements 60% Load Factor - Thous. Kw</u>
1949 - 1950	134.5	24.7
1950 - 1951	228.1	42.5
1951 - 1952	295.5	55.3
1952 - 1953	348.9	65.3
1953 - 1954	360.4	67.5

Edison is presently delivering to California Electric at Edison's Highgrove substation, a portion of the Metropolitan Water District's entitlement to Hoover Dam power and energy.^{3/} This power and energy which the Metropolitan Water District cannot use at the present time has been made available to other Hoover Dam contractors in a series of agreements between the several parties involved. California Electric's share of this power and energy is transmitted

^{3/} See Decision No. 38628, dated January 22, 1946, in Application No. 27120 (46 CRC 299).

from Hoover Dam over the Metropolitan Water District's transmission line to Hayfield and thence over the Edison transmission line to Highgrove substation.

The contract submitted herein, designated "Edison-California Electric 1949 Power Service Contract," provides for increasing the deliveries by Edison to California Electric at the Highgrove substation, and for making certain additional switching equipment available at the delivery point. California Electric will reimburse Edison for the fixed charges for this additional equipment at a monthly rate of 1 1/2% of Edison's investment in such equipment. The investment is estimated to be approximately \$24,000. The contract provides that the maximum demand will be 24,000 kw for the 1949-1950 and 40,000 kw for the 1950-1951 year periods. For the last three years of the contract, maximum demands will be estimated by California Electric and submitted to Edison approximately one year in advance. Deliveries will be limited to not more than 120% of the estimated demands and in no case more than 50,000 kilowatts, and energy deliveries will be limited to an 85% load factor based upon the maximum demands.

California Electric will be billed at the rates set forth in Edison's filed tariff schedule PC-1, subject to such changes as may be authorized in that schedule by this Commission from time to time. The presently effective rates applicable to this service are as follows:

	<u>Cents</u> <u>Per Kwhr</u>
The first 50 kwhr per hp per month	1.80c
The next 50 " " " " "75
The next 100 " " " " "60
All over 200 " " " " "40

Minimum charge \$0.75 per billing hp per month.

Since delivery of energy under the new contract will be made coincidentally with delivery of California Electric's share of Metropolitan Water District's unused energy, a formula is set up in the contract for the computation of that portion of the deliveries

which will be considered deliveries under the contract submitted herein. The energy is to be delivered at 69,000 volts and suitable metering equipment is to be provided and maintained. To provide for the settlement of disagreements which may arise, the contract establishes a Board of Control and for that purpose designates the Board of Control, which functions under a previous contract^{4/} between the parties, to act on matters arising out of the operation of this present agreement.

Edison for a number of years has supplied supplemental power and energy to San Diego Gas and Electric Company under an agreement executed in 1940.^{5/} The 1949 agreement with California Electric contains a provision acknowledging the priority of San Diego to service from Edison under the 1940 agreement. In addition to provisions setting forth methods of modifying the agreement, the extent of liability of the parties, the respective remedies each has, and the method of rendering notices, the contract also provides that it shall not become effective until authorized by this Commission and that it shall be at all times subject to such changes or modifications as the Commission may from time to time direct.

California Electric estimates that the cost to it of the energy covered by the contract, depending upon particular circumstances, will vary between 6.4 and 7.1 mills per kilowatt hour. Edison, in support of the application, has submitted figures showing the relationship of its loads to its generating resources. At the end of 1948 these figures indicate that Edison's net system peak of about 1,140,000 kilowatts was carried on its net effective operating capacity of 1,560,000 kilowatts. The figures also show that Edison delivered about 190,000 kilowatts to other utilities in addition to carrying its own net system peak. The estimated trend of Edison's

^{4/} The "Edison-California Electric 1945 Electric Service Contract" authorized by Decision No. 38628 (See footnote 3).

^{5/} The agreement was authorized by the Commission in Decision No. 33066, dated May 6, 1940, in Application No. 23450 (42.CRC-615).

net system load when compared to the growth in effective operating capacity indicates Edison's ability to carry out its obligation under the contract.

It is apparent from the evidence submitted that California Electric requires additional power resources and that the contract herein submitted will provide the resources needed for the immediate future. It is likewise apparent that Edison is in a position to discharge its obligation under the contract. The approval of the contract by this Commission and the carrying out of the terms thereof will result in no change in the present operating arrangements between the parties. California Electric is presently receiving supplemental assistance from Edison similar to that proposed by this contract in accordance with a letter agreement modification of the 1945 service contract between the parties. The present agreement is intended to supplant and extend that temporary agreement upon its termination on May 31, 1949.

The Commission having considered the application and being of the opinion that it should be granted, that a public hearing is not necessary, and good cause appearing; therefore,

IT IS HEREBY ORDERED that Southern California Edison Company and California Electric Power Company be and they are authorized to carry out the provisions of that certain contract dated January 16, 1949, attached to the application as Exhibit A,

to provide the facilities, to render and accept the service, and to charge and pay the rates 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 8th day of February 1949.

R. E. Mitrani
Justus J. Casner
James Russell
Harold P. Kils
Francis H. Patten
Commissioners