

Decision No. 42468**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
 PACIFIC GAS AND ELECTRIC COMPANY, for
 an order of the Public Utilities Com-
 mission of the State of California
 granting and conferring upon applicant
 all necessary permission and authority
 to carry out the terms and conditions
 of a written contract entered into by
 and between applicant and the CITY OF
 LOMPOC, dated September 12, 1949
 (Exhibit "A" hereof).

Application No. 30636

(Electric)

OPINION AND ORDER

Pacific Gas and Electric Company requests authority in its application to carry out the terms and conditions of a contract dated September 12, 1949 with the City of Lompoc. A copy of said contract is attached to the application as Exhibit "A". Pacific, under that contract, is to deliver and sell to the City all the electric energy required by the City for its own use or for sale to the City's customers in the City and in the area immediately adjacent thereto. The contracted energy is to be delivered at Pacific's Lompoc substation, at a nominal 12,000 volts.

The new contract under its provisions would become effective upon approval by this Commission, and would continue in force thereafter until August 31, 1955. It would cancel and supersede the existing contract, dated September 7, 1945, which would otherwise expire August 31, 1950. Electric energy under the terms of the contract is to be supplied to and received and paid for by the City in accordance with all applicable rules and regulations of Pacific relating thereto, duly established from time to time and on file with this Commission. The

contract further provides that it shall at all times be subject to such changes or modifications as this Commission may direct from time to time in the exercise of its jurisdiction.

The rates and charges to be paid by the City for electric energy to be furnished under said contract are as follows:

Demand Charge:

First 200 kw or less of maximum demand	\$355.00 per month
Next 300 kw of maximum demand	\$.00 per kw per month
Next 500 kw of maximum demand75 per kw per month
All over 1,000 kw of maximum demand70 per kw per month

Energy Charge (to be added to the Demand Charge)

First 150 kwhr per kw per month	8.0 mills per kwhr
Next 170 kwhr per kw per month	5.5 mills per kwhr
All over 320 kwhr per kw per month	4.5 mills per kwhr

Demand: The maximum demand in any month will be the maximum kw demand averaged over a 30-minute interval, but if the load is intermittent or fluctuates violently, a five-minute interval may be used. A graphically recording demand meter will be installed upon request of City, in which event demands occurring between 10:30 p.m. and 6:30 a.m. and on Sundays and legal holidays will be ignored in determining the billing demand.

Power Factor: The total charge will be decreased or increased 0.25%, respectively, for each 1% the average power factor of the City's load in that month is greater or less than 85%.

The demand charge in the new contract, however, has been reduced from that in the prior contract by ten cents per kw in the 300 and 500 kw blocks, bringing those blocks to the level quoted in Schedule P-31. The time interval for averaging demand has been increased from 15 minutes to 30 minutes and the requirement that the billing demand shall be not less than 60% of the greatest demand occurring in the preceding 11 months has been removed. Sundays and holidays would be included in the off-peak demand hours. The power factor clause under the new contract would apply to power factors above or below 85%, instead of to power factors above 85% and below 75% as it does under the existing contract.

Pacific, according to its 1948 annual report to this Commission, delivered to the City 5,117,950 kwhr of electric energy

and received an average revenue of 8.79 mills per kwhr therefor. The maximum monthly demand accompanying that delivery was 1350 kw; the average of the monthly maximum demands was 1124 kw; and the annual load factor was 43.2%.

Pacific in its application states that the actual billing for the year ending June 30, 1949 was \$48,502.45 under the existing contract, and that the hypothetical billing for the same delivery under the new contract would be \$47,584.58. The annual reduction on that basis would be \$917.87, or 1.89%.

In its application, Pacific states that authorization of the contract will assure the retention of the City of Lompoc as an electric resale customer, and alleges that fulfillment of the provisions of the contract will not constitute a burden but will be of benefit and advantage to Pacific's other electric customers. The Commission in Decision No. 38305, dated October 16, 1945, in authorizing Schedule P-31 for resale service by Pacific, recognized Pacific's right to meet in good faith competitive rates. It appears that no diminution has occurred in the competitive conditions which existed at the time that decision was issued. In granting the authorization herein requested, the Commission calls attention to its position as stated in recent decisions that, if it should appear in a rate proceeding that any losses are being incurred because of deliveries under this contract, such losses are not to be imposed on Pacific's other electric customers.

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

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be and it is authorized to carry out the terms and conditions of the written contract, dated September 12, 1949, with the City of Lompoc, and to render electric service under the terms and charges stated therein.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company shall file as a matter of record in this proceeding a statement showing the date upon which service was first rendered under the contract authorized herein.

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

Dated at San Francisco, California, this 18th day of October, 1949.

R. E. Dunderberg
Justice F. C. Cullen
San Francisco
Harold P. Hale
Samuel H. Patten
Commissioners