

Decision No. 43429

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
 Commission 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
 PALO ALTO, dated August 17, 1949
 (Exhibit "A" hereof).
 (Electric)

Application No. 30642

OPINION AND ORDER

Pacific Gas and Electric Company requests authority in its application to carry out the terms and conditions of a contract dated August 17, 1949 with the City of Palo Alto. 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 its territory as defined in that certain territorial agreement between the parties hereto, dated May 19, 1938, except such electric energy as City may generate by means of by-product gas at City's sewer plant. Said electric plant is not to be paralleled with Pacific's electric system and the output thereof is not to be for resale. The contracted energy is to be delivered at a point between City's and Pacific's substations where their lines are connected, at a nominal 4,000 volts.

The new contract under its provisions would become effective upon approval by this Commission, and would continue in force thereafter until August 27, 1955. It would cancel and supersede the existing contract, dated June 23, 1948, which would otherwise expire

June 22, 1953. 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 ..	\$300.00 per month
Next 300 kw of maximum demand	\$1.00 per kw per month
Next 500 kw of maximum demand75 per kw per month
Next 1000 kw of maximum demand60 per kw per month
All excess kw of maximum demand40 per kw per month

Energy Charge (to be added to the Demand Charge)

First 150 kwhr per kw per month	7 mills per kwhr
Next 150 kwhr per kw per month	5 mills per kwhr
All over 300 kwhr per kw per month	4 mills per kwhr

Except that for all energy furnished in excess of 8,000,000 kwhr per month, the above energy rates shall be reduced by 0.5 mill per kwhr.

High Voltage Discount:

During the term of this agreement the parties, by mutual agreement, may modify said agreement so as to provide for delivery of voltage in excess of 25,000 volts, in which event the demand and energy charges shown above would be reduced by 15% and 3%, respectively.

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 rates provided in the new contract are the same as those in Schedule P-31 except that the billing demand will be the

A-30642
DH
Corr.

maximum 30-minute demand of the current month instead of the mean of that demand and the highest such demand occurring in the year ending with the current month.

Pacific, according to its 1948 annual report to this Commission, delivered to the City 26,736,000 kwhr of electric energy and received an average revenue of 6.92 mills per kwhr therefor. The maximum monthly demand accompanying that delivery was 7760 kw; the average of the monthly maximum demands was 5893 kw; and the annual load factor was 39.3%.

Pacific in its application states that the actual billing for the year ending June 23, 1949 was \$210,230.74 under the existing contract, and that the hypothetical billing for the same delivery under the new contract would be \$205,109.12. The annual reduction on that basis would be \$5,121.62, or 2.44%.

In its application, Pacific states that authorization of the contract will assure the retention of the City of Palo Alto 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 August 17, 1949, with the City of Palo Alto, 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. Z. [Signature]
Justice J. Calmes
[Signature]
Harold H. [Signature]
[Signature]
Commissioners.