

ORIGINAL

Decision No. 43694

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
 of PACIFIC GAS AND ELECTRIC COMPANY
 and CITY AND COUNTY OF SAN FRANCISCO,
 acting through its Public Utilities
 Commission, for an order approving
 certain written agreements hereunto
 annexed, marked Exhibits "A", "B",
 "C", "D", and "E", respectively.

Application 26728
 First Supplemental

FIRST SUPPLEMENTAL OPINION AND ORDER

In this first supplemental application, Pacific Gas and Electric Company asks authority to carry out the terms and conditions of a supplemental letter agreement, entered into between the company and the City and County of San Francisco acting through its Public Utilities Commission. Said letter agreement, dated November 16, 1949, extends to March 11, 1954, the terms of certain assignments of contracts and the term of an agreement between the same parties, all of which are dated April 18, 1945. A copy of the letter agreement is attached to the first supplemental application and marked Exhibit F. The several instruments affected by the letter agreement will be discussed separately.

With its original application in this proceeding, filed May 10, 1945, the company requested authority to carry out five agreements, copies of which were filed as Exhibits A to E inclusive in the application. Those agreements related to the furnishing by the company of facilities to transmit energy for the city; to the furnishing of supplementary energy, standby service and other services; provided arrangements under which the city would supply electric service formerly supplied by the company to Modesto Irrigation District,

Permanente Cement Company and The Permanente Metals Corporation; and contained arrangements for lease by the company to the city of certain transmission lines, substations and related facilities. By Decision No. 37954, dated May 29, 1945, this Commission granted to Pacific Gas and Electric Company authority to consummate and carry out the terms of those five agreements. The basic agreement between the city and the company, Exhibit A, was dated March 14, 1945 and will expire at .. midnight on March 11, 1954. That agreement, with the four related agreements, established a basis for the city's disposition of the output of its Hetch Hetchy hydroelectric power development.

The agreement between the company and Modesto Irrigation District dated March 19, 1945, Exhibit B, modified a then existing contract dated August 15, 1940 to permit the Modesto Irrigation District to purchase electric energy from the city. Said modification of the contract between the company and Modesto Irrigation District will remain in effect so long only as the company's contract with the city (Exhibit A) is in effect and is being fully performed by the city.

An agreement between the company and the city dated April 18, 1945, Exhibit C, provided for the assignment by the company to the city of an existing contract between the company and Permanente Cement Company dated November 11, 1944, and covering the delivery of electric service by the company to the cement company for a term of five years. The assignment under the agreement between the company and the city was to terminate at midnight on November 30, 1949. The letter agreement of November 16, 1949 extends the assignment to midnight of March 11, 1954 and also modifies the assignment to cover a similar contract between the company and Permanente Cement Company dated November 11, 1949. Said contract of November 11, 1949 supersedes the prior contract dated November 11, 1944 and covers the furnishing of electric service by Pacific Gas and Electric Company to Permanente

Cement Company for a term of five years commencing on the date of the next regular meter reading following November 11, 1949, in accordance with the company's Schedule P-30. The contract dated November 11, 1949 contains a clause providing that it shall at all times be subject to such changes or modifications as this Commission may from time to time direct in the exercise of its jurisdiction.

An agreement between the company, the city, and the Permanente Metals Corporation dated April 18, 1945, Exhibit D, provided for the assignment by the company to the city of a contract between the company and the Permanente Metals Corporation covering electric service by the company to Permanente Metals. Said agreement (Exhibit D) contained certain modifications of the existing contract between the company and Permanente Metals, and was effective for a term ending at midnight November 30, 1949. The letter agreement dated November 16, 1949 extended the term of that assignment to midnight March 11, 1954, and also assigns, subject to rejection by the city, any contract replacing or renewing the contract between the company and Permanente Metals which is to expire April 30, 1952.

The Agreement of Lease and for Supply of Supplemental Power for Cement and Magnesium Plants dated April 18, 1945, Exhibit E, provided for the lease by the company to the city of a 110 kv circuit on the company's transmission line between Newark and the magnesium plant of Permanente Metals, a 110 kv/60 kv substation, and associated facilities and for the supplying by the company of supplementary power and energy required by the city to meet its obligations to Permanente Metals and to Permanente Cement Company. That lease and supplementary power agreement was to expire November 30, 1949. The letter agreement of November 16, 1949 extends the term of said lease and supplemental power agreement to midnight March 11, 1954.

The letter agreement of November 16, 1949 contains a provision that it shall be subject to the granting to the company by this Commission of authorization to carry out its terms. It also provides that the company's rates and charges for electric service set forth in the agreement of lease and for supply of supplemental power for cement and magnesium plants and in the contracts which are assigned as stated in the foregoing are subject to increase or decrease in accordance with orders of this Commission acting within its jurisdiction.

It is apparent that the supplemental letter agreement dated November 16, 1949, for which authority is requested in this supplemental application, will extend for the remainder of the term of the main or basic agreement, between Pacific Gas and Electric Company and the City and County of San Francisco, the three agreements related thereto which otherwise would have expired November 30, 1949.

The Commission having considered the request of applicant and being of the opinion that the application should be granted, that public hearing is not necessary, and good cause appearing; 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 supplemental letter agreement entered into between said company and the City and County of San Francisco, dated November 16, 1949.

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

Dated at San Francisco, California, this 17th day of January 1950.

R. E. Anderson
Arthur J. Crescen
John B. F. Lawrence
Harold P. Hula
Frederick J. Potter
Commissioners