

ORIGINAL

Decision No. 45386

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA EDISON COMPANY,)
 a corporation, for an Order of the)
 Public Utilities Commission of the)
 State of California authorizing it)
 to enter into a certain agreement)
 with the City of Los Angeles and its)
 Department of Water and Power)

Application No. 32020

OPINION AND ORDER

Southern California Edison Company, a corporation, by the above-entitled application filed January 4, 1951, requests an order of the Commission authorizing it to carry out the terms and conditions of an agreement dated January 25, 1951,^{1/} with the City of Los Angeles and its Department of Water and Power. Said agreement is entitled City-Edison 1951 Interchange Agreement and relates to the interchange and/or sale of electric energy or standby or emergency service in connection with the transmission and utilization of power from the Colorado River. A copy of said contract, marked Exhibit "A", is attached to the application^{1/} and by reference made a part hereof for all purposes.

The agreement, reciting that it is in the interest of economy, provides for the joint use by the parties of the reserve generating capacity on both systems and the making available to the

^{1/} Exhibit "A", filed with the application, is an unexecuted copy of the contract as proposed. Counsel for applicant has furnished conformed copies of the executed contract, dated January 25, 1951, and entitled "City-Edison 1951 Interchange Agreement".

system of either of the parties temporary surplus generating capacity on the system of the other to provide supporting service to their consumers and not to consumers of other utilities. Parallel operation of the two systems is contemplated with each of the parties being the sole judge as to the operating conditions on its system which will permit parallel operation or isolated operation of an electric generating unit or units in accordance with the terms of the agreement. To help attain reliable parallel operation, a new interconnection between the two systems is under consideration from the Century Receiving Station of the City to the Laguna Bell Substation of the Company. In this manner the spinning reserve on each system will provide for mutual standby service during periods of emergency which will be in the interest of continuous and dependable service in the communities served by each system.

The conditions governing the interchange of energy and capacity are set forth in Articles 10 to 14, inclusive, in the agreement and cover the following services: Mutual standby service, one way standby service, economy energy, specified capacity, emergency generating capacity and emergency energy. The principal features of each of these conditions are briefly:

Mutual Standby Service

Each party is required to maintain sufficient spinning reserve on its system to enable delivery to the other system, without notice, of 50,000 kw of power while in parallel. Incidental energy exchanged during parallel operation is to be balanced in kind as frequently as practicable and any unbalance at the end of each calendar month is to be paid for at energy cost for the cheapest steam operated by Supplier during that month. Energy and capacity at demands over 10,000 kw for more than 30 minutes, if not reduced, are to be paid for on the basis of Emergency Generating Capacity and Emergency Energy.

One Way Standby Service

When one party on request of the other makes available a specified amount of spinning reserve as standby, the Receiver shall pay the energy, starting, and running costs. If all of the specified minimum load energy is not delivered to the Receiver at the time, as much as practicable will be delivered at other times during the month. To the extent that such minimum energy is not delivered, it shall be considered as incidental energy and so billed. Energy and capacity at demands over 15,000 kw for a period more than one hour shall be considered as and paid for on the basis of Emergency Generating Capacity and Emergency Energy.

Economy Energy

At times when one of the parties is operating as spinning reserve on its system one or more generators of higher efficiency than any one or more generators being operated by the other to carry load, on its system, the Receiver may request the Supplier to increase generation on such more efficient units and deliver Economy Energy. The Receiver shall pay \$0.0005 per kwhr plus the energy costs.

Specified Capacity

If a specified capacity is requested and supplied in accordance with a schedule agreed upon in advance, the Receiver shall pay the energy, starting and running costs plus \$0.03 per kw per day of specified capacity.

Emergency Generating Capacity and Emergency Energy

Energy furnished by Supplier to meet an emergency on the system of the Receiver shall be paid for on the basis of \$0.10 per kw of maximum demand per day but not more than \$2 per kw per month plus the energy, starting, and running costs. If idle units are

used, the Receiver shall pay 1.15 times the out-of-pocket expense plus \$0.10 per kw of maximum demand but not more than \$2 per kw per month.

The formulas for figuring energy, starting and running costs by units when the city is supplying energy to the company, are set forth in Appendix "A" and when the company is supplying the City, in Appendix "B" of the agreement. When gas fuel is used, the unit cost shall be the cost expressed in dollars to the Supplier for each 6,250,000 Btu of fuel. When oil fuel is used, the unit cost is based on the weighted average daily posted price in dollars per barrel of "Bunker Fuel Oil" at El Segundo, Torrance, and Wilmington, plus 20 cents per barrel. In the event that the Receiver has commitments for the purchase of fuel or has stocks of fuel oil available, it may with the consent of the Supplier replenish fuel oil used by the Supplier to generate energy for the Receiver and be relieved of payment for such fuel oil as is replenished.

The parties agree to exchange energy at existing interconnection points and/or at such points of interconnection as may be mutually agreed upon during the term of the agreement. Appropriate meters will be installed at all interconnection points. Operating details are to be administered jointly by an Operating Committee consisting of two representatives for each party.

The agreement becomes effective upon the date authorized by the Commission and may be terminated by either party upon three years' written notice to the other. The company shall keep the Commission promptly informed of termination notices by either party hereunder. The agreement contains the usual release for reasons beyond the reasonable control of either party but does not provide for such changes or modifications as the Commission may direct

in the exercise of its jurisdiction and as provided by General Order No. 96. The fact that such clause does not appear in the agreement does not in any way exempt the company or the contract from the Commission's continuing jurisdiction in this matter.

Upon the day that this agreement becomes effective, certain prior agreements are to be canceled as follows:

- (a) Supplementary agreement for the use of company's unit 8R dated June 1, 1944, as extended by letter agreement of October 27, 1947.
- (b) The "City-Edison 1949 Interim Contract" dated July 15, 1949.

The license agreement dated November 4, 1944, leasing to the city certain portions of company's Long Beach Harbor Substation transmission line which was also extended by letter-agreement of October 27, 1947, however, will remain in full force and effect.

In view of the rapid load growth in California since the termination of World War II and the probable large increase in the near future of defense loads, there is need for the maximum pooling of electric resources in the state. Because of the probable immediate future scarcity of critical materials that are used in the manufacture of generating equipment, it is imperative that interchange arrangements be made for the purpose of decreasing the total reserve capacity required in the state as well as for the purpose of achieving the most efficient utilization of productive capacity. The City-Edison 1951 Interchange Agreement appears to place no undue burden upon either party nor their respective customers and yet makes available potential aid to both.

It, therefore, appears to the Commission that the consummation of the agreement is in the public interest and the Commission so finds. The Commission having considered the proposed City-Edison 1951 Interchange Agreement, and being of the opinion that the

agreement should be authorized, and that a public hearing is not necessary; therefore

IT IS HEREBY ORDERED that Southern California Edison Company is authorized to carry out the terms and conditions of the written agreement, dated January 25, 1951, with the City of Los Angeles and its Department of Water and Power, to render the service therein provided and bill and collect the charges therein specified, and to cancel certain prior agreements as therein enumerated.

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

Dated at Los Angeles, California, this 27th day of February, 1951.

Justice J. Greenier
Harold A. Kule
Peter E. Mitchell
Commissioners