

Decision No. 46092

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 BANTA-CARBONA  
IRRIGATION DISTRICT, dated May 14, 1951  
(Exhibit "A" hereof).

Application No. 32552

(Electric)

OPINION AND ORDER

In this application Pacific Gas and Electric Company requests authority to carry out the terms and conditions of a contract dated May 14, 1951, with Banta-Carbona Irrigation District. A copy of said contract is attached to the application as Exhibit A. Under the contract Pacific is to sell and deliver to the District all electric energy required for the operation of the District's electrical machinery and apparatus, having a rated capacity of 4,450 hp, and in the conduct of the District's business. The energy is to be delivered at a nominal voltage of 60,000 volts.

The contract, under its provisions and upon grant of the requested authorization by this Commission, would become effective from and after the commencement of the service period covered by the first regular meter reading subsequent to May 1, 1951, and will continue in force until May 1, 1961. The contract provides that it shall be subject at all times to such changes and modifications as this Commission may direct from time to time in the exercise of its jurisdiction.

The rate for electric service under the contract would be 6.25 mills, per kwhr. In its application Pacific states that it received \$83,741.99 for electric service furnished to the District in accordance with Pacific's Schedules P-30 and P-5 during the 12-month period ending with the June 1, 1951 meter reading date. The application also states that the District would have paid Pacific \$66,445.00 for the same service under the rates provided in the proposed contract. Based on the service furnished during said 12-month period the proposed contract would result in a reduction of \$17,296.99, or about 21% below the charge on Pacific's filed tariffs.

In support of its request, Pacific states that it has been supplying the District for more than 20 years and that the United States of America, acting through the Department of the Interior, Bureau of Reclamation, has offered to furnish electric energy and service to the District under a contract which contained rates and charges materially lower than the rates and charges of Pacific's proposed contract. Pacific states further that it offered the reduced rates and charges as provided in the proposed contract to the District in order to avoid the loss of the District as one of its electric customers and to protect and prevent diminution in the value of Pacific's investment in electric properties and to obviate the imposition of added costs upon Pacific's other electric customers.

It appears that Pacific's offer to supply service to the District under the proposed contract at rates which are lower than those of its regular filed tariffs has been made to meet competition and hold the business. In the past this Commission has authorized the supply of service at special rates to customers because of competitive conditions and in so doing has stated that if

it should appear in a rate proceeding that any losses are being incurred because of such services at lower rates, such losses are not to be imposed upon other customers of the utility. The Commission recognizing its continuing jurisdiction over the subject matter of this contract, is authorizing applicant's request herein upon the premise that the rates charged under this contract shall not be permitted to burden or prejudice other customers of Pacific. Authority will be granted to carry out the terms and conditions of the proposed contract although the 10-year term is somewhat longer than the terms of contracts authorized by this Commission under more usual circumstances. Since the rates in the proposed contract are materially lower than Pacific's filed tariffs it is reasonable that the consumer should be obligated to take service for the longer period.

The Commission having considered the request of applicant and being of the opinion that the application should be granted in the light of the circumstances discussed above 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 with Banta-Carbona Irrigation District, dated May 14, 1951, and to render electric service under the terms and conditions stated in said contract.

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

Dated at San Francisco, California, this 20<sup>th</sup> day of August, 1951.

A. F. Dwyer  
James J. Cassen  
Harold P. Kuba  
Henry E. Mitchell  
Lawrence J. Teller  
Commissioners.