

Decision No. 46093

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 PATTERSON)
WATER COMPANY, dated June 20, 1951)
(Exhibit "A" hereof).)
(Electric))

Application No. 32550

ORIGINAL

OPINION AND ORDER

In this application Pacific Gas and Electric Company re-
quests authority to carry out the terms and conditions of a contract
dated June 20, 1951, with Patterson Water Company. A copy of said
contract is attached to the application as Exhibit A. Under the con-
tract Pacific is to sell and deliver to Patterson Water Company all
electric energy required for the operation of Patterson's electrical
machinery and apparatus, having a rated capacity of 2,135 hp, and in
the conduct of Patterson's business. The energy is to be delivered at
a nominal voltage of 12,000 volts.

The contract, under its provisions and upon grant of the re-
quested 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 sub-
ject 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 re-
ceived \$41,330.16 for electric service furnished to Patterson in ac-
cordance with Pacific's Schedule C-6 during the 12-month period ending

with the June 1, 1951 meter reading date. The application also states that Patterson would have paid Pacific \$28,807.50 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 \$12,522.66, or about 30% below the charge on Pacific's Schedule C-6.

In support of its request, Pacific states that it has been supplying Patterson for more than 40 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 Patterson 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 Patterson in order to avoid the loss of Patterson 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 Patterson Water Company 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 Patterson Water Company, dated June 20, 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 20th day of August, 1951.

R. E. Indurain
August J. Craven
Harold P. Hula
Edw. E. Mitchell
Benjamin L. Pratt
 Commissioners