

ORIGINAL

Decision No. 46838

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN DIEGO GAS & ELECTRIC COMPANY,)
a corporation, for an order approv-) Application No. 32974
ing amendment to agreement with)
Escondido Mutual Water Company.)

OPINION AND ORDER

San Diego Gas and Electric Company, by the above-entitled application, filed December 10, 1951, requests approval by the Commission of an amendatory agreement dated November 1, 1951 made with Escondido Mutual Water Company. Said agreement amends and modifies, as of November 1, 1951, an existing basic agreement dated August 27, 1940 between said parties for the interchange of electric energy. The amendatory agreement provides for modification of the rates charged by each party for energy and service delivered to the other, and certain other minor modifications. A copy of said amendatory agreement is attached to the application as Exhibit "B" and by reference is made a part hereof.

The basic agreement provides that it shall be subject at all times to the jurisdiction of this Commission, and if any change ordered by this Commission should increase the burdens or diminish the revenue or rate of revenue of either party, the party so affected may terminate the agreement on 30 days' notice. The term of the basic agreement began November 1, 1941 and will continue for 25 years until October 31, 1966.

The basic agreement under which interchange of energy between the parties has been made was filed with the Commission

September 7, 1940 under the provisions of General Order No. 45. Under the basic agreement San Diego has purchased surplus energy generated at Escondido's hydroelectric plants and has delivered to Escondido sufficient energy to meet Escondido's normal requirements whenever the latter has had insufficient energy to supply its own customers. The basic agreement, in addition to effectuating interchange of energy at special rates, sets forth the service conditions and obligations of the parties, and provides for disposition of energy in the event of an increase in Escondido's generating capacity.

The basic agreement established a five-mill rate for energy purchases and sales during the initial 10 years and contains a provision for rate revision at 10-year intervals by mutual agreement or arbitration. The amendatory agreement contains new rate schedules applicable to purchases by each party, changes the interval between periodic revisions of rates from ten to three years, and provides for a change in location of one delivery point.

The rates and charges for electrical energy delivered under the amendatory agreement during the initial three-year period, unless changed by the Public Utilities Commission of the State of California, are as follows:

- "(a) The rate for all electric energy sold by the Electric Company and delivered to the Water Company shall be as follows:

Monthly Demand Charge:

\$1.50 per kilowatt of billing demand each month.
(The billing demand to be based on a 75¢ ratchet
as hereinafter set forth)

plus Monthly Energy Charge: (to be added to the demand charge)

Base Rate - 0.436¢ per kilowatthour.

Fuel Clause:

The above energy charge is based on a price for fuel used in the Electric Company's electric generating plants of \$1.00 per barrel for oil f.o.b. the Electric Company's oil tanks, or 17.5¢ per Mcf for natural gas.

Whenever the price paid by the Electric Company shall vary from either of the above base rates, the energy

charge shall be adjusted at the time of such price change for use of oil and/or gas fuels as follows:

For energy produced by oil fuel, the above energy charge shall be increased or decreased by 0.0024¢ per kwhr for each 1¢ that the price of fuel oil may vary above or below \$1.00 per barrel.

For energy produced by natural gas, the above energy charge shall be increased or decreased by 0.014¢ per kwhr for each 1¢ that the price of natural gas may vary above or below 17.5¢ per Mcf.

In either case the adjusted energy charge per kwhr shall be computed to the nearest thousandth of a cent.

Minimum Charge:
The Demand Charge.

Billing Demand:
The maximum demand as measured during the current month, but in no case less than seventy-five per cent (75%) of the highest maximum demand registered during the eleven preceding months.

- (b) The rate for all surplus electric energy sold by the Water Company and delivered to the Electric Company shall be the Energy Charge as set forth above, adjusted in accordance with the Fuel Clause."

Applicant states that for many years prior to 1940 and subsequent thereto Escondido produced substantially all of the firm power required for its use in its service area and applicant purchased substantial amounts of surplus power. When the 1940 agreement was entered into, it is stated, Escondido intended thereafter to purchase relatively small quantities of power from San Diego. In more recent years Escondido's requirements have increased markedly to the point where it consumes substantially all of its own energy production and, in addition, purchases energy from San Diego. The changed conditions are illustrated by the following reported energy transactions:

Period	San Diego Gas and Electric Company	
	Sales to Escondido (Kwhr)	Purchases from Escondido (Kwhr)
1930-1939, incl.	29,858,755	2,825,326
1942	944,000	950
1947	5,014,000	2,500
1950	9,200,550	3,500

Applicant states that the amendment to the agreement of August 27, 1940 has been negotiated to give recognition to the fundamental change in Escondido's use of electric energy from an interchange arrangement to a straight purchase arrangement with substantially no interchange power. Applicant states that the amended rates are reasonably compensatory for the service provided. Application of the amended rates to energy deliveries made by San Diego to Escondido during 1950 would have resulted in an average rate of about 1.05 cents per kilowatt-hour. During the same year, applicant's average revenues from other sales for resale was 1.04 cents per kilowatt-hour.

The Commission having considered the request of applicant and being of the opinion that the application should be granted and that a public hearing is not necessary,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified; therefore,

IT IS HEREBY ORDERED that San Diego Gas and Electric Company be and hereby is authorized to carry out the terms and conditions of the written agreement dated November 1, 1951 with Escondido Mutual Water Company and to deliver the electric energy and service described therein under the terms and conditions stated in said agreement.

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

Dated at San Francisco, California, this 11th day of March, 1952.

R. Z. [Signature]
President.
James F. Coe
Harold P. Hule
John E. [Signature]

Commissioners.