

Decision No. 46879

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC GAS AND ELECTRIC COMPANY, a)
corporation, for an order of the)
Public Utilities Commission of the)
State of California authorizing)
applicant to enter into a written)
agreement with SHELL CHEMICAL COMPANY,)
in words and figures as written in)
the form therefor which is annexed)
hereto.)

Application No. 23261
(Second Supplemental)

OPINION AND ORDER DISMISSING
SECOND SUPPLEMENTAL APPLICATION.

In its second supplemental application under the above-entitled proceeding, Pacific Gas and Electric Company seeks authority to carry out the terms of an agreement, dated May 4, 1948, with Shell Chemical Corporation which would extend to December 31, 1957, the initial term of an agreement dated May 24, 1945, under which Pacific supplies power to Shell.

Authority to carry out the agreement of May 24, 1945, was granted to Pacific under Decision No. 38211, dated September 12, 1945. The term of said agreement continued to March 25, 1950, and thereafter from year to year, provided that either party might terminate the same on March 25, 1950, or on March 25 of any year thereafter, by giving the other party not less than 12 months' prior written notice of termination.

Under the agreement of May 24, 1945, Pacific was to supply service at either 54,000 volts or 110,000 volts and at the following schedule of rates:

Demand:

For kilovolt amperes of monthly maximum demand occurring in any contractual year:

First 85,000.....	\$2.40	per kilovolt ampere
All in excess.....	2.00	" " "
Minimum Charge.....	\$12,000	per month

The rates and charges here stated were increased, effective April 15, 1950, by 6% under authority granted by Decision No. 43972. The agreement also provided that upon six weeks' prior written notice Shell would shut down its use of electricity under the agreement for a consecutive period not exceeding three months in any one year, beginning at any time between June 1 and August 31, at the option of Pacific.

For a number of years Pacific has made effective an agreement for similarly interruptible service at similar rates to the Dow Chemical Company, authority having been granted under Decision No. 33171 dated June 4, 1940, and supplemental decisions in Application No. 23484. Pacific also presented to this Commission an application for authority to carry out an agreement extending the term of said agreement with Dow Chemical Company until December 31, 1957, and thereafter until terminated by six months' written notice. However, by letter of September 18, 1951, Pacific requested dismissal of said application and, on December 17, 1951, filed a new application, No. 32749, requesting authority to carry out an agreement dated September 4, 1951, with the Dow Chemical Company, under which substantially higher rates would be charged for similarly interruptible service. A comparison of average

charges for electric service, based on delivery of 20,000 kva at 95% power factor and 90% annual load factor, with fuel oil at a quoted price of \$1.80 per barrel, shows about .51 cents per kilowatt-hour under the proposed agreement of September 4, 1951, with the Dow Chemical Company, as compared with about .36 cents per kilowatt-hour under the present agreement with Shell Chemical Corporation. In its application for authority to carry out the agreement dated September 4, 1951, with Dow Chemical Company, Pacific indicates that the making effective of said proposed agreement will result in an increase of approximately 36% in annual charges for service rendered to that customer. Furthermore, Pacific is presently before this Commission, Application No. 32589, requesting general increases in its electric tariffs.

Under these conditions, it is apparent and we find that the contractual period for service to Shell Chemical Corporation under the rates provided in the agreement dated May 24, 1945, increased by 6% as authorized by Decision No. 43972, should not be extended to December 31, 1957, and Pacific's application in this proceeding should be denied and dismissed without prejudice; it further appears that a public hearing in this matter is not necessary; therefore,

IT IS ORDERED that Pacific Gas and Electric Company's
Second Supplemental Application No. 23261 be and it hereby is
dismissed without prejudice.

Dated at San Francisco, California, this 18th day
of March, 1952.

R. J. [Signature]
President.

Justice F. [Signature]
Harold P. [Signature]

Commissioners.