

Decision No. 47168

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 appli-)
cant all necessary permission and)
authority to carry out the terms and)
conditions of a written contract)
entered into by and between applicant)
and SOUTHERN SAN JOAQUIN-MUNICIPAL)
UTILITY DISTRICT, dated July 3, 1951)
(Exhibit "A" hereof).

Application No. 32732

(Electric)

Ralph W. DuVal for applicant; J. J. Deuel for
California Farm Bureau Federation; Bert Green,
Manager, Southern San Joaquin Municipal Utility
District; George M. Pierce for Bureau of
Reclamation; interested parties; C. T. Mess
for the staff of the Public Utilities Commission.

O P I N I O N

Pacific Gas and Electric Company, by the above-entitled application filed September 12, 1951, requests an order of the Commission authorizing it to carry out the terms and conditions of an agreement dated July 3, 1951, with Southern San Joaquin Municipal Utility District. Said agreement relates to the supply of electric service by Pacific to the District at four locations in Kern County. A copy of said agreement, marked "Exhibit A", is attached to the application and by reference made a part hereof for all purposes.

A public hearing on this application was held before Commissioner Huls and Examiner Knerr on February 8, 1952, at San Francisco, California.

Applicant's witness testified that the service would be used at three of the locations for electric pumping plants having a connected load of 682 hp, 430 hp, and 150 hp, respectively, for delivering water from the canal of the Bureau of Reclamation into the canal system of the District. Service at the fourth location would be used to operate a moss screen plant having a connected load of 38.5 hp. The total connected load aggregates 1,300.5 hp, although the contract provides for service to apparatus aggregating 1,425 hp. Applicant's witness explained that the lower figure resulted from changes in plans since the time the contract was made. Applicant's witness stated that it would be necessary for applicant to install a short line extension, transformers, services and meters, at an aggregate cost of \$18,077 in order to establish service under the contract.

The agreement provides that energy delivered to the District by Pacific shall be served by Pacific and paid for by District in accordance with the terms and conditions of Southern California Edison Company's Schedule PAP-2, except that the average rate per kilowatt-hour in each month shall be not less than 6.25 mills and shall be not greater than the average rate per kilowatt-hour paid by the District for energy supplied by Edison to the District in Edison's service area during the same month. The upper limit in average rate per kilowatt-hour is subject to the provision that the District shall have installed power factor correction facilities in Pacific's service area equivalent to any such facilities as District shall have installed in Edison's service area. In explanation of the proposed rates applicant's witness stated that the territory of the District overlaps the service area of both Pacific and Southern California Edison Company and that two-thirds of the District's load is

within Edison's territory and one-third within Pacific's territory. Applicant's witness stated also that the Bureau of Reclamation was soliciting the business from the District, that the adoption of Schedule PAP-2 rate produces a lower average kilowatt-hour charge to the District than under Pacific Gas and Electric Company's schedules, and that said proposal was adopted to meet competition of the Bureau of Reclamation. He estimated that Pacific's revenue for a year's service under the proposed agreement, based on annual service to the District of approximately 2.5 million kilowatt-hours, would be \$17,795. Compared with this he estimated a revenue, through application of Schedule PAP-2 rates to the deliveries by Pacific, with a 5% power factor discount, of approximately \$20,580, a revenue at Pacific's Schedule P-3 amounting to \$27,345, and a revenue at the minimum price of 6½ mills per kilowatt-hour of approximately \$15,778.

The service area boundary between Pacific Gas and Electric Company and Southern California Edison Company was established at its present location by Decision No. 39907, dated January 28, 1947, in Application No. 27836, and passes through the area of the Southern San Joaquin Municipal Utility District in the vicinity of the town of McFarland. Thus, it is apparent that neither Pacific nor Edison is in a position to serve the entire load of the Southern San Joaquin Municipal Utility District. Nevertheless, it is evident that the compelling reason for the supply of this proposed service by Pacific at rates which differ from Pacific's filed tariffs is the competition of the Bureau of Reclamation. Applicant's witness stated that he had seen a computation which he believed was prepared by the Bureau of Reclamation showing a price between 5 and 6 mills per kilowatt-hour for the service, although that price contemplated delivery at

one point, which would require an expenditure by the District of approximately \$365,000 for transmission lines and substations.

Representatives of the California Farm Bureau Federation and the Southern San Joaquin Municipal Utility District stated that they appeared in support of the application.

As in a number of other cases in which this Commission has authorized the supply of service at special rates because of competitive conditions, our grant of the authorization requested in this application is conditioned on the premise that the rates charged under this contract shall not be permitted to burden or prejudice in any way other customers of Pacific.

The contract provides that it shall continue in force for a term expiring five years after the effective date of an order of this Commission authorizing Pacific to carry out its terms and conditions. It also provides that it shall be subject to such changes or modifications as this Commission may direct from time to time in the exercise of its jurisdiction.

O R D E R

Public hearing having been held on the above-entitled application, the matter having been submitted and now being ready for decision,

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 agreement dated July 3, 1951, with the Southern San Joaquin Municipal Utility District, and to render the service described therein under the terms and conditions of said agreement.

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

Dated at San Francisco, California, this 16th day of May, 1952.

R. J. [Signature] President.
Arthur J. [Signature]
Harold Hale
[Signature]

 Commissioners.