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ORIGINAL

Decision No. 47976

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA ELECTRIC POWER COMPANY for a Certificate under Section 50 of Public Utilities Act, Authorizing Construction of a Steam- Electric Generating Plant.))))))	Application No. 31774 (First Supplemental)
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O P I N I O N

California Electric Power Company, operating an electric utility system serving portions of the Counties of Mono, Inyo, Kern, San Bernardino, Riverside and Imperial in California, and the Counties of Nye and Esmeralda in Nevada, filed the above-entitled first supplemental application on October 21, 1952, requesting a certificate that public convenience and necessity requires the construction, maintenance and operation of additional generating facilities in the Highgrove Steam Plant and of appurtenant transmission line facilities.

Existing Certificate

Decision No. 44975 issued November 8, 1950, under the above application number, granted applicant a certificate of public convenience and necessity to construct, operate and maintain a steam-electric generating plant in San Bernardino County, near Highgrove. Applicant states that the Highgrove Steam Plant has been completed as to Units Nos. 1 and 2 of 30,000 kw rated capacity each, together with certain common facilities for the service of additional generating units, and a 115 kv steel structure, double circuit, transmission line approximately 8 miles in length from said plant to applicant's main substation, near Mt. Vernon Avenue and Mill Street in the City of San Bernardino, California.

Additional Steam Plant Facilities

At the time of the original application herein, applicant intended to install a third unit of 30,000 kw capacity when required. Applicant has experienced a rate of load growth that requires that the third unit be increased to a rating of 40,000 kw and placed in operation by December 31, 1953, and that a fourth unit of 40,000 kw be installed in 1954-1955.

Additional Transmission Line Facilities

Applicant states that it is necessary also to construct additional transmission facilities to enable the new generating facilities to handle the load growth on its California system. It proposes to construct a new 115 kv transmission line from the steam plant eastward to Valley Substation, a distance of approximately 25 miles, and to provide a loop service through the construction of a 115 kv tie circuit, approximately 2½ miles in length, from the plant northeasterly to connect with the R line which now extends from San Bernardino to Valley Substation and beyond.

Estimated Cost of Facilities

The estimated cost of the proposed new facilities follows:

Third unit and transmission additions	\$ 6,590,589
Fourth unit	5,393,112
25-mile line and 2½-mile tie line	<u>733,950</u>
Total	12,717,651

Applicant states that the cost of the steam plant and transmission line, to date, is \$8,944,617, subject to minor adjustments. It states that the funds for the construction of said steam plant and line have been borrowed from a bank on short-term notes which are to be refunded by issues of bonds and stocks.

Load Growth

Applicant's system load, less deliveries to Baja California, for the past six years and as estimated for the succeeding five years follows:

<u>Year</u>	<u>Demand-kw</u>	<u>Energy-kwhr</u>
1946	83,000	474,000,000
1947	103,200	528,000,000
1948	113,800	624,000,000
1949	122,800	641,000,000
1950	123,000	691,000,000
1951	135,000	822,000,000
1952 (Est.)	155,000	906,000,000
1953 (Est.)	165,000	1,024,000,000
1954 (Est.)	181,000	1,120,000,000
1955 (Est.)	196,000	1,201,000,000
1956 (Est.)	206,000	1,302,000,000

In order to meet the expected growth of load applicant will rely mainly on the production from the Highgrove Steam Plant and by 1956 expects that it will produce 890,000,000 kwhr, or about 68% of the system's energy requirements.

Cost of Energy

Applicant estimates that, at present fuel costs, energy will be produced in the steam plant at approximately 5.27 mills per kwhr with gas fuel, and 6.45 mills per kwhr with oil fuel. Furthermore, if gas is available and used seven months out of each year and if oil is used for five months out of each year, applicant estimates an average production cost of 5.76 mills per kwhr.

Competition

The proposed construction, according to applicant, does not compete with or increase or diminish competition with other public utilities, corporations or persons ^{with} but merely provides a new source of electric energy to be transmitted and distributed over its system as from time to time existing. Applicant by this supplemental application does not propose to extend or contract its service area and does not request any additional right to serve cities or

counties. Energy to be produced at the plant will be part of the general supply to various cities and counties which applicant claims it is now and has been for many years serving and authorized to serve. In one part of its service area applicant distributes energy in competition with the Southern California Edison Company but plans no change in this competition other than to the extent energy generated by the new plant facilities may enter into such competition.

Franchises and Permits

Applicant states that no franchise from public authorities is necessary for the proposed construction. It claims that the steam plant is located in a "Zone M-3 (unlimited)" under Ordinance No. 602 of the County of San Bernardino permitting industries generally to be constructed, maintained and operated therein, subject to limitations in the event smoke, fumes, dust, water or other industrial wastes obnoxious to adjacent residents or community, or injurious to public health or to underground water supplies, are emitted. Applicant contends that such objectionable conditions will not exist and on October 2, 1950, obtained a permit from the Board of Supervisors of San Bernardino County authorizing the use of the steam plant site for the purposes of a steam-electric generating plant. A copy of said permit is attached to the first supplemental application and is designated Exhibit "A".

Conclusion

The problem of providing an adequate supply of electricity to meet the growing public demand for electricity in the State of California is one of vital concern to all citizens as well as to the Commission. The record herein shows that applicant, in the past, has relied on power purchased through contracts with other utilities

to supply a portion of its energy requirements. Such power can be released for other uses as the new units are constructed and placed in operation. While an increase of 80,000 kw of generating capacity for the applicant in the next two to three years appears sizable compared to the estimated load growth on applicant's system, it is warranted in part by the release of purchased power capacity.

Through Commission investigations into the electric situation within the State of California as a whole, it is evident that the state needs all the capacity that reasonably can be built at this time.

After reviewing statements and facts contained in the application and realizing the progress that applicant has made in constructing and completing the first two units of the Highgrove Steam Plant, it is our opinion that the applicant has the financial means and is in an economic position to finance and carry to successful completion the project as proposed by this first supplemental application. Accordingly, it is concluded that an order should be issued granting the authority requested.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

O R D E R

The above-entitled application having been considered, and it appearing that a public hearing is not necessary herein and that the application should be granted, therefore,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require, or will require, the construction, maintenance and operation of two additional 40,000 kw units in the Highgrove Steam Plant and appurtenant transmission line facilities as set forth in the first supplemental application; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted California Electric Power Company to construct, operate and maintain two additional units in the Highgrove Steam Plant in San Bernardino County and appurtenant transmission line facilities for the production and transmission of electric energy on the system hereinbefore described in this first supplemental application.

IT IS HEREBY FURTHER ORDERED that California Electric Power Company shall file a detailed statement of the capital cost of the production and transmission facilities when completed. Such cost report shall be submitted within six months after the date of completion.

The authorization herein granted will lapse if not exercised within three (3) years from the date hereof.

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

Dated at San Francisco, California, this 2nd day of December, 1952.

A. J. [Signature]
President.
Justin F. [Signature]
Harold [Signature]
[Signature]
[Signature]
Commissioners.