

ORIGINAL

Decision No. 48086

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 appli-) Application No. 21846
cant to enter into an agreement with)
UNION OIL COMPANY in words and figures)
contained in form therefor which is)
hereunto annexed, marked Exhibit "A")
of Exhibit No. 1 thereof, etc.)

SECOND SUPPLEMENTAL OPINION AND ORDER

In this second supplemental application, filed August 16, 1951, Pacific Gas and Electric Company requests authority to carry out the terms and conditions of a letter agreement with Union Oil Company dated April 9, 1951, amending and modifying a certain power contract dated June 2, 1938, as amended April 1, 1942. Said letter agreement would provide for an increase from 275,000 pounds per hour to 325,000 pounds per hour in the maximum rate of steam deliveries by Pacific to Union under the power contract. It also would provide for the installation by Pacific of an additional evaporator and other related equipment at Pacific's steam plant at Oleum and for an increase in the steam demand charge from \$2,000 per month to \$2,250 per month. A copy of the letter agreement is attached to the second supplemental application as Exhibit No. 3.

The power contract dated June 2, 1938 provides for the delivery by Pacific to Union of electricity and steam and the payment therefor by Union to Pacific partly in money and partly in oil and other fuel. The payments for steam, under the original contract, are a demand charge of \$2,000 per month for a monthly

maximum demand of 275,000 pounds or less, plus a quantity charge of \$.02 per thousand pounds for the first 125,000,000 pounds per month and \$.015 per thousand pounds for all excess, plus the delivery of .265 barrels of fuel oil or the equivalent quantity of substitute fuel for each 1,000 pounds of steam delivered. The letter agreement dated April 9, 1951 would amend the demand charge as stated above and would make applicable the quantity charges of the original agreement for all of the steam delivered each month by Pacific to Union.

In its application Pacific states that the cost of acquiring and installing the additional evaporator and other equipment will be approximately \$152,500 and that it is expected said installation will result in sufficient additional steam sales on a firm basis to compensate Pacific adequately for the capital expenditure involved. The original agreement as amended contains a clause which provides that it shall be subject to such change or modification as this Commission may direct in the exercise of its jurisdiction.

During the pendency of this second supplemental application Pacific has been before this Commission in an application for a general increase in its electric rates and charges, Application No. 32589. In that proceeding Pacific requested exemption from any increase of charges made to Union Oil Company under the agreement of June 2, 1938 as amended April 1, 1942 and as further amended by the letter agreement of April 9, 1951. Such an exemption from any increase, with respect to these contracts and agreements between Pacific and Union, was granted by Decision No. 47832 dated October 15, 1952.

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

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be and it is authorized to carry out the terms and conditions of the letter agreement with Union Oil Company dated April 9, 1951, amending and modifying a certain power contract between said parties dated June 2, 1938, as amended April 1, 1942.

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

Dated at San Francisco, California, this 22nd day of December, 1952

R. J. [Signature]
President.
Justice F. [Signature]
Harold P. [Signature]
[Signature]
[Signature]
Commissioners.