



of supplementary energy, standby service and other services, provided arrangements under which the city and county would supply electric service formerly supplied by applicant to Modesto Irrigation District, Permanente Cement Company and The Permanente Metals Corporation, and contained arrangements for lease by applicant to the city and county of certain transmission lines, substations and related facilities. By Decision No. 37954, dated May 29, 1945 (45 CRC 740), this Commission granted to applicant authority to consummate and carry out the terms of those five agreements. The basic agreement between the city and county and applicant, Exhibit A, dated March 14, 1945, was to expire according to its terms at midnight on March 11, 1954. That agreement, with the four related agreements, established a basis for the city and county's disposition of the output of its Hetch Hetchy hydroelectric power development.

By agreements designated Exhibits C and D, respectively, applicant assigned to the city and county its contract of November 11, 1944 with Permanente Cement Company for furnishing electric energy to the latter's cement plant located in Santa Clara County, California, and its contract with The Permanente Metals Corporation of July 2, 1941 for furnishing electric energy to the latter's magnesium plant located adjacent to the cement plant. By an agreement dated April 28, 1952 between applicant and Kaiser Aluminum & Chemical Corporation (formerly The Permanente Metals Corporation and prior thereto Todd-California Shipbuilding Corporation), the contract of July 2, 1941 between applicant and the Chemical Corporation was modified so as to increase the rates and change certain other provisions. Applicant was authorized to carry out the terms and conditions of said agreement of April 28, 1952 under the order in Decision No. 47167 dated May 16, 1952, in First Supplemental Application No. 24232.

By the agreement designated Exhibit E, applicant leased to the city and county one 110 kv circuit of its transmission line extending from its Newark substation to the above-mentioned magnesium plant with related facilities and agreed to furnish the city and county any supplementary energy that it might require over and above the available output of the Hetch Hetchy plants to enable it to meet its obligation to supply electric energy to the above-mentioned cement and magnesium plants under the aforesaid assigned contracts.

With its first supplemental application in this proceeding filed December 2, 1949, applicant requested authority to carry out the terms and conditions of a supplemental letter agreement with the city and county dated November 16, 1949, designated Exhibit F. Said letter agreement, among other things, extended the term of the Agreement of Lease and for Supply of Supplemental Power to March 11, 1954. Authority to carry out the terms and conditions of said supplemental letter agreement was granted to applicant by Decision No. 43694 (49 CRC 296) dated January 17, 1950.

With its second supplemental application in this proceeding filed December 18, 1952, applicant requested authority to carry out the terms and conditions of a supplemental letter agreement with the city and county dated November 19, 1952, designated Exhibit G. Said letter agreement made provision for revising and increasing, effective as of November 10, 1952, the rates for supplementary power and energy as contained in Paragraph 5 of said Supplemental Power Contract with the city and county of April 18, 1945 as previously extended and modified. Authority to carry out the terms and conditions of said supplemental letter agreement was granted to applicant by Decision No. 48202, dated January 27, 1953.

Applicant now requests authorization to carry out the letter agreement dated November 20, 1952, which provides in substance that:

1. The Permanente contract of July 2, 1941, as heretofore modified and extended, is assigned to the city and county as of the effective date of the April 28, 1952 contract between applicant and Kaiser Aluminum & Chemical Corporation (Exhibit No. 2 of First Supplemental Application No. 24232) and for the term thereof, to wit: until April 30, 1962.

2. The agreement designated "Assignment of Contract with Permanente Cement Company" dated April 18, 1945 (Exhibit C of the original application herein) as heretofore modified, is extended from March 11, 1954 to midnight November 11, 1954, the latter being the expiration date of the existing service contract with Permanente Cement Company, and is deemed to assign to the city and county until April 30, 1962, subject to rejection by the city and county, any contracts hereafter entered into between applicant and Permanente Cement Company, renewing or replacing the existing contract or subsequent contracts, provided applicant shall be under no obligation to the city and county to make such renewal or replacement contracts.

3. The Supplemental Power Contract, dated April 18, 1945 (Exhibit E of original application herein) as heretofore modified and extended, is extended to midnight April 30, 1962 instead of March 11, 1954, and shall apply to the assignments mentioned in Paragraphs 1 and 2 above.

4. The main Hetch Hetchy power contract, dated March 14, 1945 (Exhibit A of original application herein) is extended to midnight April 30, 1962 instead of March 11, 1954 as presently provided in Section 1 thereof.

Said letter agreement of November 20, 1952 further provides: "It will be understood that this agreement shall be subject to the granting of authorization to this company by the Public Utilities Commission of the State of California to carry out its terms. It will also be understood that this company's rates and charges for electric service set forth in the agreements and contracts referred to above are subject to increase or decrease in accordance with the orders of said Commission acting within its jurisdiction."

Applicant states that it has given careful consideration to all of the facts and circumstances bearing upon the matters involved and believes and says that the letter agreement between it and the city and county submitted herewith and the terms and conditions thereof are fair, just and reasonable and that the consummation of said agreement in accordance with its terms will be in the public interest and for the benefit of the public service.

The Commission having considered the above-entitled application and being of the opinion that the application should be granted and that a public hearing in the matter is not necessary and good cause appearing, therefore,

IT IS HEREBY ORDERED that applicant be and it is authorized to carry out the terms and conditions of the letter agreement entered

