

Decision No. 51021**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)
 Commission of the State of California)
 granting and conferring upon applicant) Application No. 32333
 all necessary permission and authority) (Second Supplemental)
 to carry out the terms and conditions)
 of an agreement with the UNITED STATES)
 OF AMERICA, dated April 2, 1951, copy)
 whereof is attached hereto, marked)
 Exhibit "A".)

OPINION ON SECOND SUPPLEMENTAL APPLICATION
RE CONTRACT SUPPLEMENT NO. 3

The above entitled second supplemental application filed December 3, 1954, by Pacific Gas and Electric Company requests a supplemental order of the Commission granting authority to carry out the terms of a contract supplement with the United States of America, dated July 1, 1954, amending and modifying the transmission and exchange service contract dated April 2, 1951 as amended.^{1/} A copy of the agreement, dated July 1, 1954 numbered Supplement No. 3 to Contract No. 175r-2650 is attached to the second supplemental application as Exhibit No. 4 and by reference made a part hereof.

^{1/} The original agreement was authorized by Decision No. 46058 dated August 7, 1951. Supplement No. 1 was filed with the Commission on May 9, 1952. Supplement No. 2 was authorized by Decision No. 48176 dated January 19, 1953. This contract as amended is commonly known as the exchange contract. Under its terms the applicant accepts delivery of power and energy from the United States into its electric transmission system at certain points of interconnection and, in return, delivers power and energy to, and for the account of the United States.

Sales Contract

In addition to this exchange contract there is a sales contract between the applicant and the United States which provides for the sale of electric power and energy by the United States to applicant and for the interchange of power and energy under certain circumstances. Such contract is designated as No. 175r-3428 and was authorized by this Commission on November 27, 1951 by Decision No. 46474.

Applicant's Position

Applicant states that since July 1, 1954 the United States has not had and does not have available the necessary megavars required by the exchange and sales contracts. Applicant maintains that sufficient capacity was and now is available on its system for the supply of reactive power to the United States and its customers, therefore, under date of July 1, 1954 it entered into two contracts amending and modifying the exchange and sales contracts.

The intent of the two amending and supplemental contracts is to compensate applicant for furnishing reactive power which the United States would otherwise be obligated to supply. The estimated requirements for reactive power for loads of the United States and its customers during the period from July 1, 1954 through June 30, 1955 are 153 megavars. The deficiency of 93 megavars will be supplied by applicant in return for the payment of \$108,000. Also the United States will make additional payments under certain conditions for periods when its synchronous condenser is out of service. In the event that the United States is able to supply reactive power by the use of its Tracy pumping plant motors, applicant has agreed to pay the United States under specified terms and conditions.

Supplement No. 3

Supplement No. 3 to Contract No. 175r-2650 amends the exchange contract of April 2, 1951 to provide that so long as Amendment No. 2 to Sales Contract No. 175r-3428 is in effect (a) the obligation of the United States under Article 12(b) of exchange contract No. 175r-2650 to deliver to applicant at Tracy switchyard megavars equivalent in amount to that delivered by applicant thereunder to or for the account of the United States shall be deemed to have been satisfied; and (b) the United States shall be relieved of its obligation to provide reactive kilovolt-ampere meters as required by Article 13(b)(1) of Contract No. 175r-2650.

Said supplement No. 3 provides that it shall be effective for the period July 1, 1954 through June 30, 1955.

Applicant's Request

Applicant states that it has given careful consideration to all of the facts and circumstances bearing upon the matters involved and therefore alleges that said Supplement No. 3 to Contract No. 175r-2650, is fair, just and reasonable. It requests an order of the Commission granting and conferring all necessary authority to carry out the terms of the agreement.

Findings and Conclusions

After considering the statements and allegations contained in the second supplemental application, it is concluded and found that applicant's request is reasonable and that an order should be issued authorizing applicant to carry out the terms of the agreement as proposed. While Supplement No. 3 does not contain a clause, as required by Section X of General Order No. 96, that this contract shall be subject to such changes or modifications as the Commission

may, from time to time direct in the exercise of its jurisdiction, the fact that such clause is not included does not in any way exempt the applicant or the contract as supplemented from the Commission's continuing jurisdiction in this matter.

ORDER

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

IT IS HEREBY ORDERED that applicant be and it is authorized to carry out the terms of the contract supplement dated July 1, 1954 amending and modifying the contract dated April 2, 1951, as amended, with the United States of America, Department of the Interior, Bureau of Reclamation, Central Valley Project, California.

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

Dated at Los Angeles, California, this 25th day of JANUARY, 1955.

[Signature]
President
[Signature]
[Signature]
[Signature]

COMMISSIONERS