

Decision No. 51038**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 appli- ) Application No. 32798  
 cant all necessary permission and ) (Second Supplemental)  
 authority to carry out the terms and )  
 conditions of an agreement with the )  
 UNITED STATES OF AMERICA, dated )  
 October 3, 1951, copy whereof is )  
 attached hereto, marked Exhibit "A". )

OPINION ON SECOND SUPPLEMENTAL APPLICATION  
RE CONTRACT AMENDMENT NO. 2

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 amendment with the United States of America, dated July 1, 1954, amending and modifying the sales and interchange of electric power and energy contract, dated October 3, 1951, as amended.<sup>1/</sup> A copy of the agreement, dated July 1, 1954, numbered Amendment No. 2 to Contract No. 175r-3428 is attached to the second supplemental application as Exhibit No. 2 and by reference made a part hereof.

Exchange Contract

In addition to the sales contract there is an exchange contract between the applicant and the United States which provides for the delivery of power and energy from the United States into

<sup>1/</sup> The original agreement was authorized by Decision No. 46474 dated November 27, 1951. Amendment No. 1 was authorized by Decision No. 48178 dated January 19, 1953. This contract as amended is commonly known as the sales contract. Under its terms the United States sells to applicant dependable and nondependable capacity and energy. In turn the applicant will sell to the United States capacity and energy to supply, under certain conditions, deficiency of the Central Valley Project for the support of firm loads.

the applicant's electric transmission system at certain points of interconnection and for the return and delivery of power and energy at certain points to the United States. Such contract is designated as No. 175r-2650 and was authorized by this Commission on August 7, 1951 by Decision No. 46058.

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 sales and exchange 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 sales and exchange 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.

Amendment No. 2

Amendment No. 2 to Contract No. 175r-3428 amends the sales contract and provides, among other things, that:

1. For and in consideration of \$108,000 the United States shall be deemed to have fully satisfied all of its obligations under

Article 18(c) of the sales contract (Amendment No. 1) for the period July 1, 1954 through June 30, 1955 to deliver megavars equal to the megavar requirements of the United States and its customers.

2. The United States shall further pay to applicant the sum of twenty dollars for each hour or fraction thereof in any peak-load period of applicant during which the synchronous condenser of the United States presently installed at its Tracy switchyard shall be out of service, except for outages agreed upon by applicant.

3. Under specified conditions United States may make reactive power available to applicant at the Tracy switchyard and applicant will pay the United States for the minimum number of megavars thereafter continuously made available to it through June 30, 1955 the sum of \$100 per megavar times the number of months such reactive power was made available.

Said amendment 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 matter involved and therefore alleges that said Amendment No. 2 to Contract No. 175r-3428 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 Amendment No. 2 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 amended from the Commission's continuing jurisdiction in this matter.

O R D E R

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 amendment dated July 1, 1954, amending and modifying the contract dated October 3, 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 25<sup>th</sup> day of JANUARY, 1955.

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

Commissioners