

**ORIGINAL**Decision No. 51093

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of PACIFIC GAS AND ELECTRIC	)	
COMPANY and SOUTHERN CALIFORNIA	)	
EDISON COMPANY for authority to	)	Application No. 36585
carry out an agreement for the	)	
sale of electric power and energy,	)	
dated November 10, 1954	)	

OPINION AND ORDER

By the above-entitled application filed December 24, 1954, Pacific Gas and Electric Company and Southern California Edison Company seek an order of this Commission authorizing them to carry out the terms of an agreement for the sale of electric power and energy for a limited term during which Edison's El Segundo Steam Station Generating Unit No. 2 is under construction.

This Commission, in its Decision No. 41276 in Application No. 29071, authorized the applicants to execute an agreement, dated December 31, 1947, relating to the interchange of electricity. In such agreement the parties agreed (1) to retain their existing interconnections between their respective electric systems at Piedra and Vestal Substations and Kern Canyon Powerhouse, (2) to interchange electric energy when such exchange might be warranted by their respective operating conditions and (3) to furnish each other generating capacity for and deliver energy therefrom to the other in the event of an emergency on the receiving company's system.

This initial agreement of December 31, 1947, has been modified and amended by a number of supplemental letter agreements<sup>1/</sup> heretofore approved by this Commission.<sup>2/</sup> The initial agreement as amended expires April 15, 1962.

Pacific and Edison in their agreement dated May 9, 1951, among other things, arranged for (1) a new 250,000-kva interconnection between the Magunden Substation of Edison and the Midway Substation of Pacific; (2) elimination of the then existing 90,000-kva interconnection between the systems of Pacific and Edison at Magunden; and (3) the installation by Pacific and Edison of a 220-kv transmission line and related facilities.

The new 250,000-kva interconnection between the electric systems of Pacific and Edison was completed and available for interchange of power as of April 16, 1952. Since that date Pacific and Edison have been interchanging generating capacity and electric energy by means of the aforementioned interconnection. In addition to the Magunden interconnection point, the two electric systems are interconnected through the Herndon-Academy 220-kv transmission line at Pacific's Herndon Substation and also at a point on Edison's Big Creek No. 1-Vestal 220-kv transmission line approximately 7 miles north of Pacific's Piedra Substation.

Since July 1, 1954, Pacific has made available to Edison, at the latter's request, interconnection power and energy through the Magunden interconnection additional to that contemplated by the original agreement of December 31, 1947, as amended.

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<sup>1/</sup> Agreement of April 10, 1951, modifying and extending the initial term; agreement of May 9, 1951, providing for interconnection between Magunden and Midway Substations; agreement of June 8, 1953, increasing charges applicable to emergency generating capacity and running maintenance; agreement of August 19, 1953, making May 1, 1953, the effective date of the June 8, 1953, agreement.

<sup>2/</sup> Decision No. 46073 in Application No. 29071 (First Supplemental); Decision No. 49397 in Application No. 29071 (Second Supplemental).

Such service has been furnished to Edison pending negotiations and agreement by the parties as to the terms that would be applicable to such service. These negotiations culminated in a letter agreement, dated November 10, 1954, by which Pacific would supply via the Magunden and Herndon interconnections power up to a total of 125,000 kw for the period July 1, 1954, to and including March 31, 1955, and up to a total of 100,000 kw thereafter, together with such energy as Edison shall require therewith until the termination of the November 10, 1954, letter agreement. The termination date is stated to be that date on which Edison's El Segundo Steam Station Generating Unit No. 2 is placed in commercial operation, such date now expected to be September 1, 1956.

Payment for the service to be supplied Edison by Pacific is to be as follows:

Demand Charge

1. For the period July 1, 1954,  
to March 31, 1955 ..... \$206,250 per month
2. For the period April 1, 1955,  
to date of termination ..... \$165,000 per month

Energy Charge

To be added to demand charge ..... \$ .00335 per kwh

Pacific has agreed that it will supply power up to the above-stated capacities on a firm basis except that it reserves the right to curtail service to the extent necessary to permit Pacific to serve its firm customers' requirements without curtailment. Service under this agreement, however, is stated not to be a dedication of Pacific's system or any part thereof to the service of Edison and that all obligations to render service shall cease at the termination date above mentioned.

The supplemental letter agreement now before us contains a clause whereby the agreement shall at all times be subject to such changes and modifications as this Commission may from time to time

direct in the exercise of its jurisdiction and that either party may make application at any time for such change.

The Commission being of the opinion that the requests of applicants should be granted and that a public hearing in this matter is unnecessary,

IT IS ORDERED that Pacific Gas and Electric Company and Southern California Edison Company be and they are hereby authorized to carry out the terms and conditions of that certain supplemental letter agreement dated November 10, 1954, attached to the application herein as Exhibit A.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission, within thirty days after the effective date of this order, two certified copies of the aforesaid supplemental letter agreement as executed. Further, applicant shall notify this Commission of the date of termination of said agreement within thirty days after said date of termination.

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

Dated at San Francisco, California, this 7<sup>th</sup> day of FEBRUARY, 1955.

[Signature]  
President  
[Signature]  
[Signature]

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Commissioners