

ORIGINAL

Decision No. 51272

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CALIFORNIA-PACIFIC UTILITIES COMPANY,))
 a California corporation, for author-)
 ity to increase its electric rates) Application No. 36749
 and charges for electric service to)
 the City of Needles, California, and)
 adjacent territory.)

INTERIM OPINION AND ORDER

In the application filed in the above-entitled matter on February 23, 1955, California-Pacific Utilities Company requests that the Commission by an ex parte interim order, approve a special contract with The Atchison, Topeka and Santa Fe Railway Company, an industrial customer, subject to final adjustment upon the completion of this proceeding. Initial public hearing in this matter is scheduled for 9:30 a.m., March 30, 1955, in Needles. The time and place for additional days of public hearing will be decided on March 30, 1955. Pending the completion of the public hearings and analysis of this application by the Commission staff and other parties, we see no reason why authority to increase the rates to Santa Fe on an interim basis should be withheld from applicant.

Proposed Contract

The proposed contract, a copy of which is attached to the application and marked Exhibit L, covers the sale and purchase of electric energy required for the operation of the railway's ice plant and water well pumps located at Needles. The contract term is from the date of the contract to and including December 31, 1959, and thereafter until terminated by either party upon ninety days notice. Service is to be delivered at 11.5 kv, 60 cycles, 3-phase alternating

current with metering at the delivery voltage. The contract contains a provision that it shall, at all times, be subject to change or modification by this Commission in the exercise of its jurisdiction.

Increased Rates Provided

Applicant states that the rate proposed in this contract represents an increase of 25 per cent in all rate blocks of the rate currently charged the railway, except the 6-mill block which is increased to 8.5 mills per kwhr. Based on the customer's 1954 operations it estimates an increase of 28.2 per cent on an annual basis will result. Applicant has submitted a letter from Santa Fe which states that customer is agreeable to a 25 per cent rate increase. Applicant's reason for the substantial increase arises from the termination on December 31, 1954 of a contract for Hoover Dam energy at an average rate slightly in excess of 2 mills per kwhr. Following the loss of this source of power, applicant states that it immediately undertook to obtain a substitute source of supply. Currently it has an arrangement whereby it will continue to receive its Needles power requirements from Hoover Dam at steam replacement rates of 8.302 mills per kwhr for the period January 1, 1955 through May 31, 1956. Applicant states that it is negotiating for its Needles power requirements after May 31, 1956, and has been assured that a permanent supply of power adequate for its Needles requirement will be available at a cost approximately equivalent to such steam replacement costs.

Future Power Costs

Applicant states that it has made, and will continue to make, every effort to secure purchased power at the lowest possible cost and believes that the arrangements it is making will insure the obtaining of purchased power for its Needles requirements at the lowest possible expense. In conclusion applicant states that it

desires to assure the Commission and its customers that in obtaining power from other sources of supply, it has done so with the express reservation that it shall be without prejudice or waiver of its rights to renewal of its Hoover Dam power contract. In the event such contract is renewed, or in the event applicant in the future is enabled to obtain power at lower cost from other sources, it states that it will immediately extend the benefit of such reduced power costs to its customers.

Conclusions

Based on the contentions of the applicant herein, it appears to the Commission that applicant should be authorized to increase the rates to The Atchison, Topeka and Santa Fe Railway Company, on an interim basis, by approximately 25 per cent. However, the Commission is not of the opinion that the proposed contract should be authorized at this time, but will permit applicant to file a tariff schedule similar to Schedule P-1-N, General Power Service, applicable to The Atchison, Topeka and Santa Fe Railway Company, with rates and minimum charge increased by 25 per cent, said schedule to be designated as P-4-N. Such schedule will be a temporary schedule pending final decision in this matter and will expire on the effective date of final tariff schedules authorized in this proceeding.

The Commission having considered the request of applicant and being of the opinion that interim authorization should be granted in part, pending the completion of the main proceeding, and that a public hearing on this portion of the proceeding is not necessary, and this matter now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed for the future are unjust and unreasonable, therefore,

IT IS HEREBY ORDERED that applicant be and it is authorized to file, after the effective date of this order, a tariff schedule applicable to The Atchison, Topeka and Santa Fe Railway Company, to be designated Schedule P-4-N, patterned after Schedule P-1-N, with rates and minimum charge increased by 25 per cent, as a temporary schedule pending the fixing of final rates in this matter. Said filing to be in accordance with General Order No. 96 except that it shall be effective upon not less than one day's notice to this Commission and to the public.

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

Dated at San Francisco, California, this 29th day of March, 1955.

[Signature]
President
JUSTIN J. CARR
Ray C. Winter

Commissioners