

**ORIGINAL**Decision No. 52858

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application for approval of contract  
 between CALIFORNIA ELECTRIC POWER COMPANY  
 and PERMANENTE CEMENT COMPANY for Electric  
 Service.

Application No. 37883

OPINION AND ORDER

In this application California Electric Power Company asks authority to carry out the terms and conditions of an agreement dated March 21, 1956 with Permanente Cement Company, a copy of which is attached to the application and marked Exhibit A. Said agreement relates to the supply of electric energy and power, and the construction of certain facilities to render such service to customer at the latter's cement manufacturing plant and quarry in Section 11, Township 3 North, Range 1 East, S.B.B. & M., being on the north slope of the San Bernardino mountains near the foot of Cushenbury Grade and east of the City of Victorville, California.

Applicant states that the electric service requirement of the customer will consist of customer's facilities at the cement manufacturing plant and quarry with a total initial demand of approximately 9,000 kilowatts. Customer's maximum demand is limited to 25,000 kva. On the basis of said initial demand, annual revenue is estimated by applicant to be approximately \$390,000.

Applicant also states that it must construct certain facilities to render such service as follows:

- a. Necessary take-off facilities from applicant's 115 kv bus at its Victor Substation near Victorville, California.

- b. Approximately 36.5 miles of 115 kv transmission line from Victor Substation to the cement manufacturing plant and quarry of customer.
- c. 115 kv terminal and metering facilities at customer's substation located as mutually agreed upon, for connection by customer to its substation.

Applicant estimates the installed cost of the 36.5 miles of 115 kv transmission line to be \$509,300. The customer has agreed to advance to applicant said \$509,300, which amount is refundable at the rate of 20% of the monthly bills for electric energy and service rendered by applicant to customer as provided in Article 10 of the agreement.

The agreement states that service will be rendered at the rates of applicant's present Schedule P-2, excepting that the minimum charge irrespective of that stated in said current Schedule P-2 or any other schedule hereafter in effect and applicable to customer's service shall be as follows: The monthly minimum charge, regardless of demand or energy used, shall be \$8,333.33, accumulative over each contract year, and, in no event, shall the annual minimum charge for any contract year be less than \$100,000. Applicant maintains that the minimum charge set forth in the agreement is a special charge agreed upon by applicant and customer to insure applicant sufficient income to cover the overhead costs of the investment and facilities, including its operation, maintenance and depreciation and to further protect applicant in the event the operations of customer decrease below the anticipated requirements.

The term of the agreement is for a period of five years from and after the first day of the first month after applicant notifies customer that applicant is ready to supply customer with electric service, and thereafter for an additional period of five years, except that customer can terminate service on written notice given six months prior to expiration of first five year term.

Customer has expressed to applicant considerable concern about obtaining applicant's service at the earliest convenient date and especially that construction of the transmission line be commenced as soon as possible and prosecuted diligently. Applicant requests that, pursuant to Section 491 of the Public Utilities Code, such order be made effective forthwith upon its issue.

The agreement provides that it shall be subject at all times to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction. The agreement states further that it shall not become effective until authorized and approved by this Commission.

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

IT IS HEREBY ORDERED as follows:

1. California Electric Power Company is authorized to carry out the terms and conditions of the agreement dated March 21, 1956, with Permanente Cement Company, and to render the service described therein.
2. California Electric Power Company shall file with this Commission a statement showing the initial service date under said agreement and subsequently shall file a statement promptly after termination showing the date when said agreement was terminated.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 10th day of April, 1956.

*John E. Mitchell*  
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 President  
*Justus J. Galloway*  
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*Railo W. Wilson*  
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*R. Hardy*  
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Commissioners