

Decision No. 52927

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-)
cant all necessary permission and)
authority to carry out the terms and)
conditions of an agreement with the)
UNITED STATES OF AMERICA, dated)
October 3, 1951, copy whereof is at-)
tached hereto marked Exhibit "A")

Application No. 32793
(Third Supplemental)

OPINION ON THIRD SUPPLEMENTAL APPLICATION
RE CONTRACT AMENDMENT NO. 3

By the above-entitled third supplemental application, filed January 12, 1956, 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 December 9, 1955, amending and modifying the sales and interchange of electric power and energy contract dated October 3, 1951, as amended. A copy of the agreement, dated December 9, 1955, numbered Amendment No. 3 to Contract No. 175r-3428 is attached to the third supplemental application as Exhibit No. 6 and by reference made a part hereof.

Exchange Contract

In addition to this 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 the applicant's electric transmission system at certain points of

1/ The original agreement was authorized by Decision No. 46474 dated November 27, 1951. Amendment No. 1 was authorized by Decision No. 47178, dated January 19, 1953. Amendment No. 2 was authorized by Decision No. 51038 dated January 25, 1955. 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 Central Valley Project for the support of firm loads.

interconnection and for return and delivery of power and energy at certain points to the United States and its preference customers. 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 electric power and energy generated by the United States at the Shasta and Keswick power plants has been and now is being delivered to it. The United States has constructed and now has ready for operation its Folsom and Nimbus power plants located on the American River, such plants being originally contemplated under Article 3 of this sales contract. This amendment is necessary to redetermine the project's dependable capacity on the basis of Folsom and Nimbus plants being ready for operation and to effect necessary changes in certain provisions required by the addition of these two power plants.

Amendment No. 3

Amendment No. 3 to Contract No. 175r-3428 amends the sales contract and among other things, provides that:

1. The project dependable capacity is redefined on the basis of the United States Bureau of Reclamation Operation Study No. 65-0 dated September 19, 1955, which supersedes the study dated July 30, 1951. Such study shows the capability at Shasta Power Plant to be 418,000 kw when storage reaches 1,550,000 acre feet or more and at Folsom power plant to be 178,000 kw when storage reaches 760,000 acre feet or more.
2. The project dependable capacity is raised from 300,000 kw to 450,000 kw on the first day of the month after the respective dates on which storage in Shasta and Folsom reservoirs has reached in the same year capacities of 4,493,000 acre feet and 1,000,000 acre feet, respectively; and provides for intermediate quantities of dependable capacity for lesser amounts of storage in Shasta Reservoir provided Folsom Reservoir storage reaches the specified amount.

3. In the event that storage in the Folsom Reservoir does not reach 1,000,000 acre feet or the storage in Shasta Reservoir does not reach 4,114,000 acre feet in 1956, the United States shall prepare a new operation study and the dependable capacity will be redetermined. Annual studies thereafter are provided for until such time as these storage objectives are obtained.
4. Adjustment of energy deliveries to be made for transmission losses between the power plants and Tracy Switchyard, such losses being related to the capacities produced at Shasta and Keswick power plants and Folsom and Nimbus power plants.
5. Agreed upon quantities of reactive megavolt-amperes (megavars) to accompany megawatts be based on bus voltage levels at Cottonwood Substation and Tracy Switchyard.

Effective Date and Other Provisions

The contract amendment provides that it shall be effective on and after January 1, 1956. It cancels Amendment No. 1 to the Sales Contract. It also provides that in all other respects the Sales Contract shall remain in full force and effect. In this connection it is of interest to note that the basic monthly rates for sale of power and energy to applicant remain unchanged at 75 cents per kw of dependable capacity plus energy charges of 4 mills per kwhr for the first 130 kwhr per kw, 3 mills for the next 130 kwhr per kw and 2 mills for any excess. For nondependable capacity the rate remains at 25 cents per kw of capacity plus 3 mills per kwhr for the first 260 kwhr per kw and 2 mills for any excess.

Applicant's Request

Applicant states that it has given careful consideration to all the facts and circumstances bearing upon the matters involved and therefore alleges that said Amendment No. 3 to Contract 175r-3428, dated December 9, 1955, and its terms and provisions are fair, just and reasonable. It requests a supplemental order of the Commission

granting and conferring all necessary authority to carry out the terms of the agreement amending and modifying the original contract as amended.

Findings and Conclusions

After considering the statements and allegations contained in the third 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. 3 does not contain a clause as required by Section X of General Order No. 96, that this contract shall at all times be subject to such changes and modifications as the Commission, from time to time, may 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 No. 3, dated December 9, 1955, 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 San Francisco, California, this 21st day of April, 1956.

[Signature]
President
Justus J. Cannon
Paulo Lutarovic
[Signature]
[Signature]
Commissioners