

Decision No. 52930**ORIGINAL**

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 an order granting and conferring
 upon applicants all necessary permis-
 sion and authority to carry out an
 agreement dated January 26, 1956 for
 the sale by the former to the latter
 of electric power and energy.

Application No. 37797

OPINION AND ORDER

By the above-entitled application, filed March 2, 1956, 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, dated January 26, 1956, for the sale by Pacific and the purchase by Edison of electric power and energy for a limited term, commencing as of January 21, 1956 and terminating on March 20, 1958. A copy of the agreement is attached to the application as Exhibit A.

By this Commission's Decision No. 51093, issued February 7, 1955, and subsequent Decisions Nos. 51528 and 51836, issued May 31, 1955 and August 16, 1955, respectively, applicants were authorized to carry out the terms of a letter agreement dated November 10, 1954, and subsequent supplemental agreements dated April 5, 1955 and June 2, 1955, respectively, whereby Pacific would supply Edison electric power and energy up to a total of 125,000 kw for the period July 1, 1954 until a termination date estimated to be September 1, 1956.

Applicants have now executed a new letter agreement dated January 26, 1956 wherein Pacific agrees to supply Edison power up to 75,000 kw, together with such energy required therewith, from

January 21, 1956 to March 20, 1958, inclusive, said power being in addition to the power and energy supplied by terms of the November 10, 1954 agreement, as amended.

The new agreement provides that the following rates and charges shall apply to service furnished thereunder.

- a. Demand Charge: \$123,750 per month.
- b. Energy Charge: (to be added to Demand Charge) \$.00335 per kwh, provided, however, that the energy charge shall be \$.004 per kwh for a quantity of energy each day equal to the generation, if any, required of our 400 lb. steam-electric generating plants because of deliveries to you hereunder.
- c. Fuel Clause: The energy rates above stated are subject to increase whenever the posted price of heavy residual fuel oil currently designated Standard Bunker Fuel Oil by the Standard Oil Company of California, or equivalent, in tank car lots as quoted by the Standard Oil Company of California, f.o.b. its Richmond refinery; the Union Oil Company of California, f.o.b. its Oleum refinery; the Shell Oil Company, f.o.b. its Martinez refinery; or by the Tide Water Associated Oil Company, f.o.b. its Avon refinery; whichever posted price is the lowest, exceeds \$1.90 per barrel. The increase in the \$.00335 rate shall be \$.00009 per kwh and the increase in the \$.004 rate shall be \$.00011 per kwh for each 5¢ that such price is above \$1.90 per barrel. The governing posted price is now \$2.05 per barrel and the presently effective rates are, therefore, \$.00362 per kwh and \$.00433 per kwh, respectively. New rates shall become effective for deliveries of energy on and after the effective date of any change in such posted price of fuel oil.

The new agreement also provides that so long as the agreement of November 10, 1954, as amended, remains in effect the quantity of energy delivered under the new agreement shall be deemed to be 75,000/200,000ths of the total energy (exclusive of energy delivered under the emergency or economy provisions of the interchange agreement of December 31, 1947, as amended) delivered to Edison and when generation is required of Pacific's 400 lb. steam-electric generating

plant because of deliveries to Edison, such generation shall be deemed to have been required under the new agreement, and not under said agreement of November 10, 1954, as amended. The new agreement is stated to be a supplement to said agreements of December 31, 1947 and November 10, 1954, as amended.

Pacific has agreed that it will supply power up to 75,000 kw on a firm basis except that it reserves the right to curtail such service to the extent necessary to permit it to serve its firm customers' requirements without curtailment. For this purpose, Pacific's interruptible customers are considered to be firm customers until expiration of a notice, required by Pacific's service contracts with its customers, before interruption. Service under the new 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 obligation to render service shall cease at the termination date specified in the new agreement.

The new agreement contains the provision that it shall at all times be subject 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 and that either party may make application at any time for such change.

The Commission having considered the request of applicants 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 Pacific Gas and Electric Company and Southern California Edison Company be and they are authorized to carry out the terms and conditions of the letter agreement, dated January 26, 1956, and to render the service described therein under the terms, charges, and conditions stated therein.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission a statement promptly after termination showing the date when said agreement was terminated.

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

Dated at San Francisco, California, this 24th day of April, 1956.

[Signature]
President

Justice J. Caswell
Ralph J. [unclear]

[Signature]

[Signature]
Commissioners