

ORIGINALDecision No. 53280

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY, a
 corporation, for an order issuing to
 applicant a certificate under Section
 1001 of the Public Utilities Code of
 the State of California declaring
 that public convenience and necessity
 require the construction, operation
 and maintenance by applicant of the
 steam electric generating plant,
 transmission lines, and related
 facilities herein generally described.)
 (Humboldt Bay Steam Plant)

Application No. 35789
 (First Supplemental)

F. T. Searls and John C. Morrissey by John C. Morrissey, for applicant.
 Dion R. Holm and Paul L. Beck, for City and County of San Francisco, Burle C. Laton, for United States Bureau of Reclamation, Fred J. Groat, for State Engineer, interested parties.
John J. Doran, Jr., for the Commission staff.

FIRST SUPPLEMENTAL OPINION AND ORDER

In its first supplemental application herein, filed April 5, 1956, Pacific Gas and Electric Company seeks a finding of this Commission that the present and future public convenience and necessity require the construction, operation and maintenance of a second generating unit at applicant's Humboldt Bay Power Plant.

Public hearing in the matter was held before Examiner F. Everett Emerson on May 21, 1956 at San Francisco.

Applicant proposes to install and place in operation an additional generating unit (No. 2) of 50,000-kw rating on the site of its existing Humboldt Bay Power Plant heretofore certificated by Decision No. 50945 issued January 4, 1955. The addition now proposed is the second unit of an ultimate four-unit

plant. To integrate the additional unit into applicant's Humboldt Division resources applicant proposes to install approximately 4 miles of 60-kv transmission line to tap an existing line between its Station E and Humboldt Substation. A twin-circuit 110-kv line, on steel towers, is now under construction between applicant's Humboldt Bay Power Plant and its Humboldt Substation. One circuit will be strung to receive power at 60 kv from Unit No. 1 and it is planned to operate this circuit at 110 kv when Unit No. 2 becomes available.

The estimated cost of Unit No. 2, based on current labor and material prices, is as follows:

Unit No. 2	\$7,200,000
Transmission and Terminal Facilities	<u>500,000</u>
	\$7,700,000

The estimated annual cost excluding operating fuel is \$1,150,000. Based upon a 40 per cent capacity factor and oil posted at \$2.10 per barrel, it is estimated that the total annual cost of operation is \$1,956,000 and the unit cost of energy is 11.9 mills per kilowatt-hour.

Applicant will finance the new facilities by using its working capital, moneys in reserve, funds not required for immediate use and the proceeds of such security issues as this Commission may authorize.

Load growth in applicant's Humboldt Division between 1946 and 1954 has averaged 20 per cent annually. In December 1954 it reached 70,000 kw. By the end of 1958 it is expected to exceed 120,000 kw. The proposed Unit No. 2 would be operable in the latter part of 1958. An analysis of estimated loads and resources for the Humboldt Division is contained in Exhibit No. 6, First Supplemental, in this proceeding. Such analysis indicates a net margin, with largest source out of service, of 5.5 megawatts

in 1959 after the proposed Unit No. 2 is in full operation. When compared with present margin deficiencies and gross margins for the Division, not less than such margin is clearly desirable and prudent.

It is clear that applicant's proposed Unit No. 2 for its Humboldt Bay Power Plant is needed and that its construction will be in the public interest. Applicant's request for a certificate will be granted. The certificate of public convenience and necessity herein issued is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require and will require the construction, operation and maintenance of the steam-electric generating Unit No. 2 and its associated facilities of applicant's Humboldt Bay Power Plant as proposed by applicant.

In view of the evidence and the foregoing opinion respecting various of its elements,

IT IS ORDERED that a certificate of public convenience and necessity be and it is hereby granted Pacific Gas and Electric Company for the construction, operation and maintenance of the aforesaid Unit No. 2 and associated facilities for the Humboldt Bay Power Plant.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission a detailed statement of

capital costs of the project within six months following the date of completion of the first two units in the plant.

The authorization herein granted shall expire if not exercised within three years after the date hereof.

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

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

John L. Mitchell
President
Justin F. Casner
Paul W. Interimier
[Signature]

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.