

**ORIGINAL**Decision No. 53428

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 applicant )  
 all necessary permission and authority )  
 to carry out the terms and conditions )  
 of a contract with AIR PRODUCTS, )  
 INCORPORATED, dated April 5, 1956. )  
 (Electric) )

Application No. 38058

OPINION AND ORDER

By the above-entitled application and amendment to application, Pacific Gas and Electric Company requests authority to carry out the terms and conditions of an agreement dated April 5, 1956, with Air Products, Incorporated, a Michigan corporation, hereinafter called assignor, and Gas Industries, Incorporated, a wholly owned subsidiary of Air Products, Incorporated, hereinafter called assignee. This agreement provides for the extension of an electric line and the installation of certain special facilities by applicant to serve customer's liquid oxygen plant at Nimbus, in the vicinity of the City of Folsom. A copy of the agreement marked Exhibit A is attached to the application and a copy of the assignment marked Exhibit B is attached to the amendment to application.

The agreement states that applicant will (a) furnish and install approximately 5 miles of 110 kv three-conductor wood pole line extending from Pacific's Halsoy Junction-Newark No. 2 electric transmission line to said plant location, and (b) construct on a site to be furnished by customer, a substation consisting of two 7500 kva - 110/4.16 kv three-phase transformers, 110 kv oil circuit

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breaker, three-phase regulator, metering equipment, switching equipment and other incidental equipment.

The applicant states that the cost of furnishing and installing the above electric facilities is estimated to be \$358,362. The agreement provides, among other things, that customer shall purchase from applicant during the term of the agreement all the electric energy which shall be required by customer, and that customer shall pay applicant the rates and charges of applicant's Schedule A-13 except the minimum charge shall not be less than \$3,605 plus the electric energy delivered during the month, if any, times 6 mills per kwhr. This minimum charge is established to assure Pacific of its out-of-pocket costs during periods of customer's inactive status. The computation of this minimum is based on 15 per cent of the estimated cost of the facilities, \$358,362, less a credit of 6 per cent of the \$175,000 paid by customer to Pacific to cover the up-and-down cost. The sum of \$175,000 is the agreed cost of installing and later removing said facilities, which sum shall be subject to refund or to modification in the event of early termination. The contract provides for a modification of the refund provisions of Pacific's filed Rule and Regulation No. 13, Temporary Service. Commencing with the first regular monthly bill for service supplied after three years from the date electric service is first supplied to customer, Pacific will refund to customer \$2,084 per month as a credit on each monthly bill thereafter, provided no credit shall be made after 20 years, and provided further that credit will not be made in any month in which the contract minimum is charged. In the event that Pacific shall serve any new customers from the facilities installed hereunder, Pacific shall refund to assignee such portion of that part of

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the said \$175,000 allocable to jointly used facilities. Applicant estimates that the annual gross revenue to be received from assignee will be \$221,000.

On May 29, 1956, pursuant to the provisions of the agreement of April 5, 1956, assignor assigned all of its right, title and interest in said contract to assignee, which assignment was made with the consent of both Pacific and the United States of America acting through the Department of the Air Force. Assignee agrees to carry out and perform the terms of the contract of April 5, 1956, and assignor agrees that it shall be and remain primarily liable for the full performance of the terms and conditions hereof.

The term of the agreement is for ten years after the date electric service is first supplied to customer and shall continue thereafter until terminated by either party on thirty days' prior written notice, except that customer may not so terminate in order to obtain electric service from other than Pacific. The agreement provides that it shall not become effective until authorized by this Commission, that at all times it shall be subject to such changes or modifications by this Commission as said Commission may from time to time direct in the exercise of its jurisdiction.

The Commission having considered the above-entitled application and amendment to application and being of the opinion that the application as amended should be granted and that a public hearing thereon is not necessary; therefore,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be and it is authorized to carry out the terms and conditions of the written agreement dated April 5, 1956, with Air Products, Incorporated, as assigned to Gas Industries Incorporated, and to render the service described therein under the terms, charges and conditions stated therein,

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IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission a statement showing the date electric energy is first supplied 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 twenty days after the date hereof.

Dated at San Francisco, California, this  
16<sup>th</sup> day of July, 1956.

John E. Ditchell  
President  
Justin J. Calmes  
Randolph L. Winter  
William H. Boone  
R. J. Hardy  
Commissioners