

Decision No. 55565

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 granting and conferring)	
upon applicant all necessary permission)	Application No. 39293
and authority to perform and carry out)	
the provisions of a contract dated)	
June 28, 1957 with THE DIAMOND MATCH)	
COMPANY.)	
(Electric)		

OPINION AND ORDER

By the above-entitled application filed August 2, 1957, Pacific Gas and Electric Company seeks an order of this Commission authorizing it to carry out the terms and conditions of a written contract dated June 28, 1957, with The Diamond Match Company. The contract relates to the supply of electric service by Pacific to Diamond's proposed paper products manufacturing plant and saw mill near the City of Red Bluff, California. A copy of the contract dated June 28, 1957, is attached to the application as Exhibit A.

Diamond proposes to construct a paper products manufacturing plant and saw mill approximately one and one-half miles south of the City of Red Bluff in the County of Tehama, California, and has requested Pacific to extend its electric facilities and to sell and deliver electricity for the operation of said plant. The agreement dated June 28, 1957, provides that applicant will (a) furnish and install approximately 21 miles of 110 kv steel tower transmission line (to be operated initially at 60 kv) extending from Pacific's Cottonwood substation to said plant location, and (b) construct on a site to be furnished by customer,

a substation consisting initially of three 5,000 kva, 60/12 kv single phase transformers, oil circuit breakers, metering equipment, switching equipment and other incidental equipment.

The estimated cost of furnishing and installing the above electric facilities is \$648,130. Pacific estimates that the revenue to be derived from the sale of electricity to Diamond during the first 12 months under said agreement will be approximately \$24,000. By the year 1962 the estimated revenue will be approximately \$352,835 per year.

The agreement provides, among other things, that prior to the year 1962 the customer shall purchase from applicant 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, General Service - Demand Metered, Special Condition (c) off-peak demand. The agreement further provides that customer shall have the right, at any time after June 1, 1962, to install electric generating equipment for the purpose of generating electricity for a portion of its electrical requirements at said plant. The conditions under which customer shall have the right to generate electricity for a portion of its requirements are covered by Section 8 of the proposed agreement.

The term of the agreement is for 10 years after the date electric service is first supplied to customer, and thereafter for periods of five years provided, however, that either party shall have the right to terminate said contract at the expiration either of the initial 10-year term or any subsequent 5-year period by giving the other 12 months' prior written notice.

Pacific states that its application to carry out the terms and conditions of said agreement is made pursuant to Section 532 of the Public Utilities Code and Section 10 of General Order No. 96 for the reason that the term of said agreement provides for an initial 10-year period and thereafter for periods of 5 years, which provision differs from that contained in Pacific's filed and effective Schedule A-13, General Service - Demand Metered, Special Condition (c), and Pacific's filed and effective Electric Rule and Regulation No. 4, Paragraph No. 2. Said schedule provides that a contract thereunder is to be for a period of 5 years and said rule provides that a contract thereunder is to be for a period not to exceed 3 years. Pacific states that the agreement with Diamond for an initial term of 10 years is necessary in order to protect its capital investment in the installation of facilities to furnish the required electric service.

Pacific states that it has given careful consideration to all of the facts and circumstances bearing upon the matters involved and is informed and believes and therefore alleges that said new contract and its terms and conditions are just and reasonable to the parties thereto and that each of the parties is desirous of performing the covenants thereof.

Said new contract filed herein provides that it shall not become effective until this Commission shall authorize applicant to carry out the terms and conditions thereof and that the contract shall at all times be subject to such changes or modifications as this Commission may from time to time direct in the exercise of its jurisdiction.

The Commission having considered the above-entitled application and being of the opinion that the application 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 contract dated June 28, 1957, with The Diamond Match Company.

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 17th day of SEPTEMBER, 1957.

[Signature]
President
[Signature]
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Commissioners