

Decision No. 531627**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
 and authority to carry out the terms
 and conditions of a written contract
 with ETHYL CORPORATION, dated March 12,
 1958.
 (Electric)

Application No. 39942

OPINION AND ORDER

By the above-entitled application filed March 26, 1958, 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 March 12, 1958, with the Ethyl Corporation. The contract relates to the supply of electric service by Pacific to Ethyl's new tetraethyl lead plant near the City of Pittsburg, County of Contra Costa, California. A copy of the contract, dated March 12, 1958, is attached to the application as Exhibit A.

Under the terms and conditions of this agreement Pacific agrees (a) to furnish and install two 60-kv circuit taps to Ethyl's plant, extending from Pacific's existing Contra Costa-Pittsburg 60-kv transmission line, and (b) to construct a substation on Ethyl's premises consisting of two 3750/4688 kva, 60/4-kv, three-phase transformers, one 60-kv line sectionalizing breaker, two 60-kv switches and fuse assemblies and metering equipment, and other incidental equipment, at an estimated cost to Pacific of \$174,000.

Pacific states that Ethyl's new tetraethyl lead plants will have a load with an estimated demand of 4,700 kva. To supply this load an extension of an electrical circuit from Pacific's Contra Costa-Pittsburg 60-kv transmission system will be made.

However, Ethyl has requested installation of, and Pacific has agreed to install, a second 60-kv electrical circuit and related facilities so as to provide Ethyl with greater assurance of service continuity. This results in a relatively large excess investment.

As the estimated cost to Pacific of furnishing and installing said facilities is \$44,000 in excess of the estimated cost to Pacific for the circuits, substations and other incidental equipment which Pacific would normally furnish and install, Ethyl agrees to pay Pacific (a) said sum of \$44,000, and (b) an annual fixed charge of \$3,960, being 9 percent of the aforementioned sum of \$44,000.

Ethyl further agrees, among other things, to provide the necessary site for said substation, furnish and install transformer pads, fencing and meter house; to provide the necessary electrical conductors from its service point to the 4,160-volt bus to be installed by Pacific at said substation; and to grant to Pacific all rights of way and easements necessary for the purpose of said contract.

It is provided that the contract shall remain in full force and effect for so long as electric service is furnished to Ethyl by means of said facilities or any part thereof. It is further provided that Pacific is not required to commence construction of said facilities until the effective date of the Public Utilities Commission order authorizing Pacific to carry out the terms and conditions of said contract, and that said contract shall at all times be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

Concurrently with the execution of the aforementioned contract, Ethyl executed a filed standard form agreement for the sale and delivery by Pacific to Ethyl and the purchase by the latter from the former, for a period of five years, of all electricity

which shall be required by Ethyl for the operation of its plant on the off-peak basis of Pacific's filed Schedule A-13, "General Service - Demand Metered," Special Condition (c). A copy of said service agreement is attached to the application as Exhibit B. Pacific estimates that it will receive an annual gross revenue of \$175,000 from the sale of electric energy to Ethyl.

Further, it is stated that service will be supplied by Pacific to Ethyl at 4,160 volts from a new 60/4 kv three-phase transformer installation. During negotiations relating to this service, Ethyl informed Pacific that it may consider, at some future time, the installation of its own generating equipment; in which event said 60/4 kv three-phase transformer installation would become idle. It is claimed that transformer facilities of this type are not generally used on Pacific's system and it is doubtful if they could be used economically elsewhere on its system.

Because of the foregoing and because its extension Rule 15 does not contemplate 60-kv extensions from transmission systems, Pacific believes it is reasonable to invoke Section G, "Exceptional Cases" of Rule 15, so as to be protected against inequitable expenditures for said extension and to require Ethyl to make payment of \$44,000 toward the construction of the extension, as well as payment of the annual fixed charge.

Pacific states that it has given careful consideration to all of the facts and circumstances involved, and is informed and believes that said new contract and its terms and conditions are just and reasonable to the parties thereto and therefore requests an order granting and conferring upon Pacific all necessary permission and authority to carry out the terms and conditions of the written contract with Ethyl Corporation.

The Commission having considered the above-entitled application 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 be and it is authorized to carry out the terms and conditions of the contract dated March 12, 1958 with Ethyl Corporation and to render the service described therein under the terms and conditions set forth therein.

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 13th day of May, 1958.

[Signature]
 President

[Signature]

[Signature]

[Signature]

Commissioners