

Decision No. 57838**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation on the Commission's own motion of the Electric and Steam Rates, Contracts, Conditions and Service to Oil Refineries, by PACIFIC GAS AND ELECTRIC COMPANY.

Case No. 6204

In the Matter of the Application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Public Utilities Commission of the State of California, granting and conferring upon Pacific permission and authority to carry out the terms and conditions of a written contract with SHELL OIL COMPANY, a Delaware corporation, dated December 27, 1956.

Application
No. 38769

In the Matter of the Application of PACIFIC GAS AND ELECTRIC COMPANY for an order granting and conferring upon applicant permission and authority to carry out the terms and conditions of an agreement with UNION OIL COMPANY, dated May 22, 1958. (Electric-Steam)

Application
No. 40270

In the Matter of the Application of PACIFIC GAS AND ELECTRIC COMPANY for authorization to carry out the terms and conditions of an agreement dated July 21, 1958 with STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. (Electric)

Application
No. 40353

In the Matter of the Application of PACIFIC GAS AND ELECTRIC COMPANY for an order granting and conferring upon Pacific authorization to carry out the terms and conditions of an agreement with TIDEWATER OIL COMPANY. (Electric-Steam)

Application
No. 40481

Pacific Gas and Electric Company, by F. T. Searls,
John C. Morrissey and John S. Cooper, respondent
and applicant.
Southern California Edison Company, by Rollin E.
Woodbury and J. F. Nail; California Farm Bureau
Federation, by J. J. Deuel; interested parties.
J. J. Doran, Jr., for the Commission staff.

OPINION AND ORDER

Pacific Gas and Electric Company filed the above-entitled applications seeking authorization of this Commission to carry out the terms and conditions of certain contracts with the therein named oil companies respecting the furnishing of electric and steam service to the refineries of such companies. In considering these applications, it appeared to the Commission that there were a number of elements of common concern and the Commission issued an order of investigation in order to inquire into and determine the propriety, the reasonableness, and the form of the rates, charges, contracts, terms, and conditions under which Pacific Gas and Electric Company furnishes service to the oil refineries.

Public hearing of these matters began on December 5, 1958, before Examiner F. Everett Emerson in San Francisco, at which time evidence was received and the matters continued to a future date when additional evidence will be presented.

Evidence adduced at the hearing on December 5, 1958, primarily concerned the subject matter pertaining to Application No. 40353, the contract between Pacific Gas and Electric Company and Standard Oil Company of California covering electric service to the latter's Richmond Refinery. Upon completion of the presentation of the evidence respecting electric service to this one refinery, respondent moved that this contract be approved and that the investigation, in so far as it pertains to such contract, be dismissed.

The evidence respecting electric service to the Richmond Refinery of Standard Oil Company of California is complete. Unlike the situation at the refineries of the other oil companies, Pacific Gas and Electric Company has no electric generating facilities at

the Richmond Refinery. Electric service is there furnished at filed rates and payments for such service involve no mutual exchange of commodities, or products or payments in fuels.

Essentially, the necessity for a contract covering electric service to the Richmond Refinery arises from the fact that the refinery, in expanding its operations, requires increased capacity of electric facilities, and specialized voltage and load-control facilities, the cost of which considerably exceeds the cost of the transformers and associated equipment normally provided by Pacific Gas and Electric Company for service to an industrial consumer of power. Provisions of the contract which differ from Pacific's filed tariffs include the payment by Standard of the excess capital cost and cost of ownership charge on special equipment requested by Standard, the continued operation by Standard of its own generating facilities in parallel with Pacific's system, an agreement by Standard not to install additional generation except as necessary to utilize what would otherwise be waste heat or indisposible by-product fuel, and a ten-year term.

The evidence is convincing that the proposed contract, dated July 21, 1958, respecting service to the Richmond Refinery is necessary, is to the mutual advantage of the parties thereto, is reasonable, is not adverse to the public interest, and should have the approval of this Commission; and we find the facts so to be. Further, the Commission finds that the investigation, in so far as it pertains to respondent's service, tariffs, and contract with Standard Oil Company of California, should be discontinued.

Good Cause Appearing therefor,

IT IS ORDERED that Pacific Gas and Electric Company is authorized to carry out the terms and conditions of that certain agreement, dated July 21, 1958, and attached to Application No. 40353

as Exhibit B thereof, between it and Standard Oil Company of California, Western Operations, Inc.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission statements showing (a) the date when service is first supplied hereunder, (b) the date of termination of all contracts superseded by the contract dated July 21, 1958, and (c) promptly after termination, the date when the contract of July 21, 1958 was terminated.

IT IS FURTHER ORDERED that the Commission's investigation, to the extent that it relates to the said agreement between Pacific Gas and Electric Company and Standard Oil Company of California, Western Operations, Inc., shall be discontinued as of the effective date of this order.

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

Dated at San Francisco, California, this 6th day of January, 1959.

E. Lynn Fox
President
John E. McLaughlin
Matthew J. Doyle
Theodore J. Deane
Commissioners