

Decision No. 57907

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA EDISON COMPANY, )  
a corporation, for an order of the )  
Public Utilities Commission of the )  
State of California authorizing it )  
to carry out the terms and conditions )  
of an agreement with The City of Los )  
Angeles and its Department of Water )  
and Power, which agreement is desig- )  
nated the "City-Edison 1961-1962 )  
Service Agreement". )

Application No. 40494

OPINION AND ORDER

Southern California Edison Company, by the above-entitled application filed October 6, 1958, requests authority to enter into and carry out the terms and conditions of an agreement dated September 4, 1958, with The City of Los Angeles acting through its Department of Water and Power. This agreement is entitled "City-Edison 1961-1962 Service Agreement" and provides for the furnishing of electric capacity and energy by applicant to the City for a specified time in 1961-1962. A copy of the agreement, marked Exhibit "A" is attached to the application.<sup>1/</sup>

Prior Contracts

By Decision No. 45386 dated February 27, 1951, in Application No. 32020, applicant was authorized to consummate the "City-Edison 1951 Interchange Agreement" dated January 25, 1951. Said agreement provides for applicant and City to render mutual standby service, one-way standby service, economy energy, specified capacity,

<sup>1/</sup> Exhibit "A", filed with the application, is an unexecuted copy of the agreement as proposed. Counsel for applicant has furnished a conformed copy of the executed agreement, dated September 4, 1958.

emergency standby capacity and energy interchange. The Commission at that time stated, "There is need for the maximum pooling of electric resources in the state."

By Decision No. 46072 dated August 14, 1951, in Application No. 32609, applicant was authorized to carry out an agreement designated "City-Edison 200,000 Kva Interconnection Agreement" dated July 1, 1951, whereby applicant and City established and now maintain an interconnection of their respective electric systems with a capacity of approximately 200,000 kva. This is the principal interconnection between the two systems.

New Service Agreement

The City of Los Angeles anticipates that it will require approximately 100,000 kilowatts of capacity during the period October 1, 1961, to September 30, 1962, inclusive, in addition to the generating capacity presently available to it and new capacity scheduled for completion prior to September 30, 1962.

Applicant now submits an agreement with the City dated September 4, 1958 and designated "City-Edison 1961-1962 Service Agreement". Ordinance No. 112,082 of The City of Los Angeles has been passed and adopted effective on October 29, 1958 approving said agreement, the major provisions of which are as follows:

1. Applicant is to make available and provide for the City's use 100,000 kilowatts of capacity for a period of one year, beginning on October 1, 1961 and ending on September 30, 1962. Energy deliveries at a nominal voltage of 220,000 volts will be through the Laguna Bell Substation-Century Receiving Station 200,000 kva interconnection.
2. The City will pay for the capacity and energy as follows: (a) the sum of \$2,568,000, in twelve monthly installments of \$214,000 each; (b) a commodity charge of 3.45 mills per kilowatt-hour whenever applicant's average unit cost of fuel for the month in which deliveries are made was 35 cents per million b.t.u. The commodity charge

will increase or decrease .098 mill per kilowatt-hour for each 1 cent, or major fraction thereof, that the average unit cost of fuel for the month was above or below 35 cents per million b.t.u.

3. In lieu of paying a part or all of the commodity charge, it may be mutually agreed that City shall supply fuel to generate the energy delivered. In so doing, for each kilowatt-hour of energy delivered, City shall cause to be delivered to applicant an amount of natural gas containing 10,200 b.t.u. or an amount of fuel oil containing 9,800 b.t.u.
4. Capacity is to be available under this agreement in the same proportion as capacity is available at the time to supply applicant's total system load. All energy delivered to City, except incidental energy delivered to applicant by City, during the period October 1, 1961 through September 30, 1962 via the aforesaid interconnection at 100,000 kw demand or less is deemed to have been delivered pursuant to the new agreement, while such deliveries in excess of 100,000 kw are delivered under the City-Edison 1951 Agreement.

The agreement provides that it will become effective on the date of its approval by ordinance of City or its authorization by this Commission whichever shall be the later. Approval by the City has been noted above. The agreement contains the usual release for reasons beyond the reasonable control of either party but does not provide for such changes or modifications as this Commission may direct in the exercise of its jurisdiction and as provided by General Order No. 96. The fact that such clause does not appear in the agreement does not in any way exempt the company or the contract from the Commission's continuing jurisdiction in this matter.

#### Conclusion

Applicant and City each, from time to time, construct additional electric generating units to meet the increasing requirements of their respective systems. In so doing the total generating capacity on each system may at times exceed temporarily the system's load and reserve requirements, which excess capacity may be made available to the other party on favorable economic terms for both parties.

The application herein does not indicate the ability of the utility to fulfill the agreement but the agreement itself recites that the utility estimates it will have capacity and energy available to it which will be temporarily in excess of its load and reserve requirements during the operational period of the agreement.

By letters dated October 24, 1958, and November 25, 1958, applicant informed the Commission of preliminary estimated loads and resources for June and December of 1961 and 1962 as follows:

Estimated Loads and Resources

<u>Resources</u>	<u>Peak Demands-Megawatts</u>			
	<u>1961</u>		<u>1962</u>	
	<u>June</u>	<u>December</u>	<u>June</u>	<u>December</u>
Hydro	1,014	977	1,014	977
Steam	2,702	2,922	2,922	3,222
Total	<u>3,716</u>	<u>3,899</u>	<u>3,936</u>	<u>4,199</u>
Scheduled Maint.	220	115	230	115
Capacity Available	3,496	3,784	3,706	4,084
Peak Demand	3,150	3,580	3,460	3,710
Reserve Margin	346	204	246	374

The above estimates include three steam generating units which are expected to be added to applicant's system prior to the end of 1962, one of which has already been authorized by company management. The figures are based on an average year estimate. The margins shown do not include capacity at applicant's Long Beach Steam Station in the amount of 212 megawatts which is assumed to be placed on cold standby in 1959. Such standby units could be made available within a period of time should demands exceed those estimated. Additionally, applicant has a 250-megawatt interconnection with the Pacific Gas and Electric Company and a 60-megawatt interconnection with the San Diego Gas & Electric Company which can be used when said systems have excess capacity available.

Applicant states that it has given careful consideration to the facts and circumstances bearing upon the matters involved in the City-Edison 1961-1962 Service Agreement, and alleges that said agreement is fair, just and reasonable to the parties, and is in the public interest and for the benefit of public service.

The Commission is still of the opinion that there is need for the maximum pooling of electric resources in the state to effect benefits to the utility customer, the utility and its stockholders, and the public. The magnitude of the reserve margins for the estimated average months of December 1961 and June 1962, approximately the capacity of a single modern generating unit on applicant's system, indicates the necessity of regular re-examination of scheduled additions, the placing of plants on a standby basis, and load estimates, to the end that applicant's service to its customers would not be jeopardized.

The Commission having considered the request of applicant and being of the opinion that the agreement of September 4, 1958, will not be adverse to the public interest and that the application should be granted, and being of the further opinion that a public hearing is not necessary, therefore,

IT IS ORDERED that Southern California Edison Company be and it is authorized to carry out the terms and conditions of the written agreement dated September 4, 1958, with The City of Los Angeles and its Department of Water and Power, and to render the service described therein under the terms, charges and conditions stated therein.

IT IS FURTHER ORDERED that Southern California Edison Company shall file with this Commission 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 Los Angeles, California, this 27<sup>th</sup> day of January, 1959.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners