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Decision No. 58206

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
PACIFIC GAS AND ELECTRIC COMPANY)
for authorization to carry out the)
contract dated August 22, 1958 with) Application No. 40511
LOCKHEED AIRCRAFT CORPORATION,)
MISSILE SYSTEMS DIVISION.)
(Electric)

OPINION AND ORDER

By the above-entitled application, filed October 16, 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 August 22, 1958, with Lockheed Aircraft Corporation, Missile Systems Division. The contract relates to the supply of electric service by Pacific to Lockheed's plant, located near the east side of Jagels Road, north of Bayshore Freeway, in the City of Sunnyvale, County of Santa Clara, California. A copy of the contract is attached to the application as Exhibit B. Pacific now furnishes electric service to Lockheed, under its regularly filed Schedule No. A-13, General Service-Demand Metered, Contract No. P-56326, for the operation of all of Lockheed's electrical machinery and apparatus. A copy of said service contract is attached to the application as Exhibit A.

Lockheed's present load of approximately 1,750 kva is supplied by Pacific from its Morse substation at Sunnyvale, over three miles of 12 kv circuit. Lockheed plans to increase its load to a total demand of approximately 12,680 kw by December, 1960. This will require Pacific to furnish and install the following facilities: (a) approximately 1.2 miles of 110 kv electric transmission line extending from Pacific's existing Newark-Magnesium 110 kv transmission line to Lockheed's plant location, and (b) a 15,000 kva

substation, 110/12 kv with appurtenant equipment, which substation will be on a site to be furnished by Lockheed at its plant location and will be used exclusively for supplying Lockheed's electrical requirements.

Pacific states that the estimated cost of furnishing and installing said facilities is \$278,000 and that the amount of gross revenue it will derive from the sale of electricity to Lockheed under the new contract will be approximately \$575,730 per year.

CONTRACT RATES

The contract provides for the application of presently effective Schedule A-13 rates and conditions except that (1) provision is made for an increased minimum charge, and (2) the term of the contract is for an initial period of ten years.

The monthly contract minimum charge is made equal to the sum of \$3,475, being 1½% of Pacific's installation cost, plus an amount computed as the monthly energy used at the terminal energy rate of the applicable schedule. Pacific states that the contract minimum charge and the ten-year initial term have been agreed to by the parties hereto in order to protect Pacific's capital investment, in view of the fact that under Lockheed's facilities contract with the United States Government certain of Lockheed's operations are of an experimental nature and may be of uncertain duration.

On March 6, 1959, Pacific filed a stipulation with the Commission stating that said special contract minimum charges would terminate at the expiration of the initial ten-year term of the contract, provided that at that time Lockheed's electrical energy requirements have been substantially as anticipated at the time the contract was executed. The effect of the stipulation is to eventually place the customer on a filed rate. We believe this to be most desirable.

CONTRACT PROVISIONS

Lockheed may, upon ninety days' written notice, install electric generating equipment to serve a portion of its electric requirements. However, Pacific shall, at all times, provide service for the total rated capacity of the electrical equipment at the plant, or 12,680 kva, whichever may be the lesser.

The contract is to become effective when authorized by the Commission and will continue after its initial term of ten years until terminated by either party on thirty days' notice. Lockheed has the right to terminate the contract during the initial term, except for the purpose of obtaining electric service elsewhere, upon paying to Pacific (a) the monthly cost of ownership charge (\$3,475) for the balance of the initial term, or (b) the estimated cost to Pacific of installing and removing said facilities, whichever is lower. It is understood between the parties that no excess transformer capacity is being provided by Pacific for the 18,000 kw and 5,000 kw heat-testing operations contemplated by Lockheed, and that if any further transformer capacity is required because of these or other loads having unusual characteristics, then Lockheed shall reimburse Pacific for the latter's costs of making such capacity available. Provision is also made to protect Pacific's system from frequency or voltage disturbances which might be caused by the aforesaid testing operations.

Pacific alleges that it has given careful consideration to all the facts and circumstances bearing upon the matters involved, and that the new contract of August 22, 1958 and its terms and provisions are fair, just and reasonable to the parties thereto and will not constitute a burden upon Pacific's other electric customers and will be in the public interest. Upon completion of the

installation of facilities by Pacific, the new contract shall cancel and supersede the existing Service Contract No. P-56326.

The contract provides that it 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 August 22, 1958, with Lockheed Aircraft Corporation, Missile Systems Division, as modified by stipulation filed on March 6, 1959, and to render the service described therein under the terms, charges, and conditions stated therein.

IT IS FURTHER ORDERED that Pacific Gas and Electric Company shall file with this Commission a statement showing the date of completion of said facilities and the cancellation of existing Contract No. P-56326, and subsequently shall file a statement promptly after termination showing the date when said new contract was terminated.

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

Dated at San Francisco, California, this 31st day of March, 1959.

E. L. Fox
President
W. E. McLaughlin
William J. Gable
Theodore J. J. J.
Everett J. J. J.
Commissioners