

Decision No. 59872**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 of the Commission to carry
 out the terms of Supplements No. 5
 and No. 6 to Contract No. 175r-2650
 with the United States of America,
 dated April 2, 1951.
 (Electric)

Application No. 41792

OPINION AND ORDER

By the above-entitled application, filed December 24, 1959, Pacific Gas and Electric Company requests an order of the Commission granting authority to carry out the terms of Supplement No. 5, dated September 29, 1959, and Supplement No. 6, dated November 2, 1959, amending and modifying the transmission and exchange service Contract No. 175r-2650, dated April 2, 1951, as amended,¹ with the United States of America for the transmission and exchange of electric power and energy to serve the United States and certain customers of the United States. A copy of Supplement No. 5 and Supplement No. 6 is attached to the application as Exhibits A and B, respectively.

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The original agreement was authorized by Decision No. 46058 dated August 7, 1951. Supplement No. 1 was filed with the Commission on May 9, 1952. Supplement No. 2 was authorized by Decision No. 48176, dated January 19, 1953. Supplement No. 3 was authorized by Decision No. 51021, dated January 25, 1955. Supplement No. 4 was authorized by Decision No. 52986, dated May 1, 1956. This contract, as amended, is commonly known as the exchange contract. Under its terms Pacific accepts delivery of power and energy from the United States into its transmission system at certain points of inter-connection and, in return, delivers power and energy to and for the account of the United States.

Sales Contract

In addition to the exchange contract there is a sales contract between the applicant and the United States which provides for the sale of electric power and energy by the United States to applicant and for the interchange of power and energy under certain circumstances. Such contract is designated as No. 175r-3428 and was authorized by this Commission on November 27, 1951 by Decision No. 46474. Since the exchange contract and the sales contract are interdependent, Pacific has incorporated in this application, by reference, sales Contract No. 175r-3428, as modified and as authorized by this Commission in Decisions Nos. 46474, 48178, 51038 and 52927, and its concurrently filed application for authorization to carry out the terms and conditions of Amendment No. 4 to said sales contract.

Applicant's Position

Applicant states that the above-mentioned Supplements No. 5 and No. 6 to the exchange contract will continue to make available to the United States for an additional period of ten years Pacific's electric transmission facilities to serve Central Valley Project pumping loads and certain customers of the United States within the Sacramento and San Joaquin Valleys and the Counties of Solano, Contra Costa, Alameda, Santa Clara and Trinity. Applicant avers this arrangement will enable the United States to serve these loads at less cost to the government than if it had built an independent system for this purpose and will obviate construction of unnecessary duplicating transmission facilities in the area.

Supplements No. 5 and No. 6

The contract supplements provide that they shall be effective on and after June 1, 1959. Supplement No. 5 also cancels Supplement No. 4 to the exchange contract. Both supplements provide that in all other respects the exchange contract shall remain in full force and effect.

The major changes effected by Supplements No. 5 and No. 6 to Contract No. 175r-2650 are as follows:

Supplement No. 5

1. If and when the proposed San Luis Unit of the Central Valley Project is constructed, Pacific will provide wheeling service to the pumping plants of the proposed San Luis Unit of the Project at the rates set forth in Paragraph 11 of Supplement No. 5.

2. Preference Customers who are supplied under the exchange contract and whose demands exceed their allocation of Project Power may obtain power from Pacific, under certain conditions, to meet their additional requirements. This provision will enable the United States to allocate all Project Dependable Capacity among existing and future Preference Customers on an equitable basis under firm contracts.

3. Article 19 of the basic contract has been amended so that the exchange contract shall remain in effect until the termination of the sales contract; i.e., the initial term is extended to and including April 1, 1971.

Supplement No. 6

Article 9(c) of the basic contract has been amended to include the County of Trinity within the wheeling service area.

Applicant's Request

Applicant states that it has given careful consideration to all of the facts and circumstances bearing upon the matters involved and, therefore, alleges that said Supplement No. 5 and Supplement No. 6 to Contract No. 175r-2650, dated April 2, 1951, and its terms and provisions are fair, just and reasonable. It requests an order of the Commission granting and conferring all necessary permission and authority to carry out the terms and conditions of the agreement amending and modifying the original contract.

Findings and Conclusions

After considering the statements and allegations contained in said application, it is found and concluded that applicant's request is reasonable and that an order should be issued authorizing applicant to carry out the terms of the agreements as proposed. While Supplements No. 5 and No. 6 do not contain the jurisdictional clause as required by Section X of General Order No. 96 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 fact that such clause is not included does not in any way exempt the applicant or the contract as supplemented from the Commission's continuing jurisdiction in the matter.

In granting the authorization herein requested, the Commission calls attention to its position, as stated in recent decisions, that if it should appear in a rate proceeding that any losses are being incurred because of deliveries under this contract, such losses are not to be imposed on Pacific's other electric customers.

O R D E R

The Commission having considered the request of applicant 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 applicant be and it is authorized to carry out the terms of the contract Supplement No. 5, dated September 29, 1959, and Supplement No. 6, dated November 2, 1959,

amending and modifying Contract No. 175r-2650, dated April 2, 1951,
with the United States of America, Department of the Interior,
Bureau of Reclamation, Central Valley Project, California.

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

Dated at San Francisco, California, this 5th
day of April, 1960.

[Signature]
President

[Signature]

[Signature]

[Signature]

Theodore Jensen
Commissioners