

ORIGINALDecision No. 59873

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 Amendment No. 4,)
 dated September 29, 1959, to Contract)
 No. 175r-3428 with the UNITED STATES)
 OF AMERICA dated October 3, 1951.)
 (Electric)

Application No. 41791

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 a contract amendment with the United States of America dated September 29, 1959, amending and modifying the sales and interchange of electric power and energy contract, dated October 3, 1951, as amended.^{1/} A copy of the agreement, Amendment No. 4 to Contract No. 175r-3428, dated September 29, 1959, is attached to the application as Exhibit A.

Exchange Contract

In addition to the sales contract there is an exchange contract between the applicant and the United States which provides for the delivery of power and energy from the United States into the

1/ The original agreement was authorized by Decision No. 46474, dated November 27, 1951. Amendment No. 1 was authorized by Decision No. 48178, dated January 19, 1953. Amendment No. 2 was authorized by Decision No. 51038, dated January 25, 1955. Amendment No. 3 was authorized by Decision No. 52927, dated April 24, 1956. This contract, as amended, is commonly known as the sales contract. Under its terms the United States sells to Pacific dependable and nondependable capacity and energy. In turn, Pacific will sell to the United States capacity and energy to supply, under certain conditions, deficiency of Central Valley Project for the support of firm loads.

applicant's electric transmission system at certain points of interconnection and for return and delivery of power and energy at certain points to the United States and its Preference Customers. Such contract is designated as No. 175r-2650. Since the sales contract and exchange contract are interdependent, Pacific has incorporated in this application, by reference, exchange contract No. 175r-2650, as modified, and as authorized by this Commission in Decisions Nos. 46058, 48176, 51021, and 52986, and its concurrently filed application for authorization to carry out the terms and conditions of Supplements Nos. 5 and 6 to said exchange contract.

Applicant's Position

Applicant alleges that Amendment No. 4 to the sales contract will continue for an additional period of ten years the full integration of the electric systems of the Central Valley Project and Pacific. Pacific states that this integration will make maximum use of their respective power resources to serve the combined load requirements of the applicant and the United States in Northern and Central California.

Amendment No. 4

The contract amendment provides that it shall be effective on and after June 1, 1959, and that in all other respects the sales contract shall remain in full force and effect.

The major changes effected by Amendment No. 4 to Contract No. 175r-3428 are as follows:

1. Pacific is no longer required to support capacity deficiencies when a Project Dependable Capacity greater than 450,000 kilowatts is reduced by an increase in Project Load.
2. The United States may use low cost Non-Dependable Capacity from Project Plants, instead of purchasing firm steam electric power from Pacific, for sale to Preference Customers.

3. The United States may obtain power from Pacific to operate Project pumps during so-called "off-peak periods" (nights, week ends, and holidays), in exchange for Project power delivered at times when it is generated by water released for irrigation, navigation or other Project purposes. Pacific will thus receive both on-peak and off-peak energy in exchange for off-peak deliveries to the pumps. This exchange will enable the United States to retain more water in Project reservoirs during certain periods for irrigation and it will provide and protect the maximum Project Dependable Capacity available for sale to Preference Customers.
4. Provision has been made to permit Preference Customers supplied under the Exchange Contract, whose demands exceed their allocation of Project power, to obtain power from Pacific to meet their additional requirements.
5. The term of the sales contract is extended for a period of ten years, from April 1, 1961 to and including April 1, 1971.

Applicant's Request

Applicant states that it has given careful consideration to all facts and circumstances bearing upon the matters involved and alleges that said Amendment No. 4 to Contract No. 175r-3428, dated October 3, 1951, and its terms and provisions are fair, just and reasonable. It requests an order of the Commission granting and conferring all necessary authority to carry out the terms and conditions of Amendment No. 4 amending and modifying the original contract, as amended.

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 agreement as proposed.

While Amendment No. 4 does 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 amended from the Commission's continuing jurisdiction in this 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 Amendment No. 4, dated September 29, 1959, amending and modifying Contract No. 175r-3428, dated October 3, 1951, as amended, 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]
Commissioners