

ORIGINALDecision No. 60677

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 terms)
 and conditions of a written contract)
 dated May 19, 1960 with the UNITED)
 TECHNOLOGY CORPORATION, a subsidiary)
 of the United Aircraft Corporation.)

Application No. 42395

(Electric)OPINION AND ORDER

By the above-entitled application, filed June 22, 1960, 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 May 19, 1960 with United Technology Corporation. The contract relates to the supply of electric service to United Corporation's plant located north of Morgan Hill, Santa Clara County, California, for the manufacture and testing of rocket fuel. A copy of the contract is attached to the application as Exhibit A.

Proposed Service

Provision of this service will require Pacific to furnish and install the following facilities: (a) a service connection of approximately 3.2 miles of 60 kv wood pole line from its Los Gatos Junction-Morgan Hill 60 kv transmission line to United Corporation's plant; (b) a substation on United Corporation's premises consisting of three 1,000 kva, 60/12 kv, single phase transformers, switch and fuse assemblies and associated equipment; and (c) the necessary metering facilities. Pacific estimates its cost for such facilities at \$104,677 and the annual gross revenue to be derived, under its agreement, at \$60,000.

Contract Provisions

The contract provides, among other things, that electricity will be furnished in accordance with Pacific's presently effective Schedule A-13, General Service-Demand Metered, except that (1) provision is made for an alternate minimum charge and (2) the term of the contract is for an initial period of ten years.

If for any month the regular bill for service, as computed under the then effective schedule, amounts to less than the sum of (1) \$1,308.46, said amount being 1½% of Pacific's installation cost, plus (2) the amount computed for energy used at the terminal rate of the then applicable schedule, said sum of (1) plus (2) being the contract minimum, then United Corporation will pay Pacific the contract minimum instead of the lesser amount. Pacific stipulates that this contract minimum charge will terminate at the expiration of the initial ten-year term of the contract provided that for at least three years prior to the expiration of the initial term of ten years United Corporation's monthly bills for electric energy will have exceeded the contract minimum charge.

The contract is to become effective when authorized by this Commission and the initial term shall be for a period of ten years from the date service is first furnished and shall continue thereafter until terminated by either party on thirty days' notice.

Pacific represents that the United Corporation's business will be of an experimental nature and may be of uncertain duration. For this reason it will not extend service in accordance with its regular extension rule. Because of such experimental nature and uncertain duration of the load, the contract minimum charge and ten year initial term are required to protect Pacific's capital investment.

Pacific alleges that it has given careful consideration to all of the facts and circumstances bearing upon the matters involved and that the contract of May 19, 1960 and its terms and conditions are fair, just and reasonable, and will not constitute a burden upon Pacific's other customers.

Finding and Conclusion

The Commission having considered the above-entitled application and being of the opinion and finding that the application should be granted and that a public hearing is not necessary; therefore,


IT IS HEREBY ORDERED as follows:

1. Pacific Gas and Electric Company be and it is authorized to carry out the terms and conditions of the written contract, dated May 19, 1960, with United Technology Corporation and to render the service described therein under the terms, charges and conditions stated therein.

2. Pacific Gas and Electric Company shall file with this Commission a statement showing the date electric service is first supplied under said contract and subsequently shall file a statement promptly, after termination, showing the date when said contract was terminated.

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

Dated at San Francisco, California, this 1st day of September, 1960.



President
