

ORIGINALDecision No. 61215

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC GAS AND ELECTRIC COMPANY for)
 a certificate of public convenience)
 and necessity to construct, install,)
 operate, maintain and use at its)
 Morro Bay Power Plant Unit No. 3,)
 together with transmission lines and)
 related facilities.)
 (Electric))

Application No. 42505

OPINION AND ORDER

Pacific Gas and Electric Company filed the above-entitled application on July 26, 1960 requesting a certificate of public convenience and necessity to construct, install, operate, maintain, and use its Morro Bay Power Plant Unit No. 3, together with transmission lines and related facilities.

Prior Authorization

Pursuant to the authorization contained in Decision No. 49666 as amended, applicant constructed (1) the Morro Bay Power Plant consisting of two tandem compound, reheat type turbine-generator units, each having a nameplate rating of 156,250 kilowatts, giving a total gross normal operating capacity of 330,000 kilowatts, and (2) the transmission circuits in connection therewith. Unit No. 2 was placed in commercial operation October 1, 1955 and Unit No. 1 on July 1, 1956.

In the construction of Morro Bay Plant, provision was made for expansion or additions to reach an ultimate eight unit plant.

Supplemental Information

To provide supplemental information necessary for a thorough evaluation of this application and in response to a staff request, the Pacific Gas and Electric Company forwarded six verified

exhibits as follows: Area Peak Loads, Exhibit No. 1; Load and Resource, Exhibit No. 2; Gross Normal Operating Capacity of Generating Plants in Operation as of September 30, 1960, Exhibit No. 3; Capital Cost of Morro Bay Power Plant and Related Substation and Transmission Facilities, Exhibit No. 4; Annual Costs and Cost of Power, Exhibit No. 5; Map Showing PG&E Transmission System, Exhibit No. 6. This supplementary information is hereby made a part of the record and received as exhibits herein.

Proposed Additions to Morro Bay Power Plant

The unit will consist of one turbine generator with a nameplate rating of 300,000 kilowatts and an expected normal operating capacity of 325,000 kilowatts. The turbine generator will be a cross-compound, reheat unit which will have a boiler with a capacity of 2,160,000 pounds of steam per hour. The initial steam-temperature will be 1,050 degrees F. with reheat to 1,000 degrees F. The unit will be complete with auxiliaries and related supporting steam plant equipment, including essential high voltage transforming and switching equipment.

The new unit will utilize certain existing site facilities, such as portions of the circulating water system, fuel oil handling system, natural gas facilities, crane, switchyard, shops, warehouse, and offices.

In order to make the output of Unit No. 3 available to applicant's interconnected system, applicant proposes to install one 220 kilovolt circuit on an existing vacant tower line position from Morro Bay to the San Joaquin Valley area.

Cost of Proposed Construction

The estimated cost to install Unit No. 3, together with the transmission facilities, as set forth in the instant application, based on current labor and material prices, is as follows:

Unit No. 3 including step-up substation facilities	\$44,100,000
Transmission and terminal substation facilities	<u>2,130,000</u>
Total	\$46,230,000

Applicant proposes to finance the cost of constructing said additions by using to the extent available, its working capital, moneys in reserve, funds not required for immediate use, and the proceeds of the issue and sale of such stocks, bonds, notes or other evidence of indebtedness as the Commission shall hereafter, upon proper application, authorize for that purpose.

Additional Capacity Requirement and Program for Load Growth

The aforementioned additional generating unit to be installed in Morro Bay Power Plant will form a part of Pacific's integrated electric generation system, and the power will be distributed and sold to the public in the central and northern parts of the State of California.

In connection with the demand for power, Pacific states that the average annual growth of peak load within Pacific's gross service area has exceeded 250,000 kilowatts for the six-year period from 1953 through 1959 and was nearly 300,000 kilowatts for the four-year period 1955 through 1959.

The actual annual load growth for the seven-year period, 1953 through 1960, was a constant 8 percent. The company estimated 33,200 million kilowatt-hours in 1963 under adverse hydro conditions. The estimated maximum peak demand in 1963 will be 6,740,000 kilowatts

under adverse hydro conditions. The gross normal operating capacity of generation plants in operation as of September 30, 1960 is reported as 5,608,000 kilowatts. Company's proposed additions of 1,209,000 kilowatts of new capacity will result in a total of 6,817,000 kilowatts of capacity in 1963 to meet the growth of load and to maintain a reasonable reserve capacity.

Resource Margin

Pacific's estimates of margins of available generating capacity over maximum demands through 1963 based on average and adverse year hydro conditions are summarized from Exhibit No. 2 in the following tabulation:

Year	<u>Average Hydro Conditions</u>		<u>Adverse Hydro Conditions</u>	
	<u>Gross Margin (1000 Kw)</u>	<u>Percent Margin</u>	<u>Gross Margin (1000 Kw)</u>	<u>Percent Margin</u>
1959* (Aug)	1,036	21.1%	900	18.3%
1960 (Aug)	854	15.6	717	13.1
1961 (Aug)	961	16.6	723	12.3
1962 (Aug)	937	15.0	739	11.7
1963 (Aug)	1,091	16.4	882	13.1

* Actual

Similar estimates of margins of available energy over annual load requirements are:

Year	<u>Average Hydro Conditions</u>		<u>Adverse Hydro Conditions</u>	
	<u>Gross Margin (Million Kwhr)</u>	<u>Percent Margin</u>	<u>Gross Margin (Million Kwhr)</u>	<u>Percent Margin</u>
1959*	9,092	32.6%	5,909	21.2%
1960	7,688	25.0	4,437	14.4
1961	9,439	29.0	5,120	15.4
1962	9,063	26.0	4,763	13.3
1963	10,891	29.1	5,823	15.2

* Actual

Conclusions

In view of the steady rate of growth of about 8 percent in energy load in northern and central California during the seven-year period ended 1960, it appears reasonable to conclude that the

proposed new capacity will be needed to help supply the future public demands for electric energy.

A certificate of public convenience and necessity issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as a consideration for the issuance of such certificate of public convenience and necessity or right.

The Commission having considered the above-entitled application and the supplemental information furnished by the aforementioned Exhibits 1 through 6, and being of the opinion that the application should be granted and that a public hearing thereon is not necessary; therefore,

IT IS HEREBY FOUND AS A FACT that public convenience and necessity require the construction, operation, maintenance, and use of Unit No. 3 of the Morro Bay Power Plant as described in the application; therefore,

IT IS HEREBY ORDERED as follows:

1. That a certificate of public convenience and necessity be and it is hereby granted Pacific Gas and Electric Company to construct, install, operate, maintain, and use the Morro Bay Power Plant No. 3, together with transmission lines and related facilities described in the Application No. 42505.

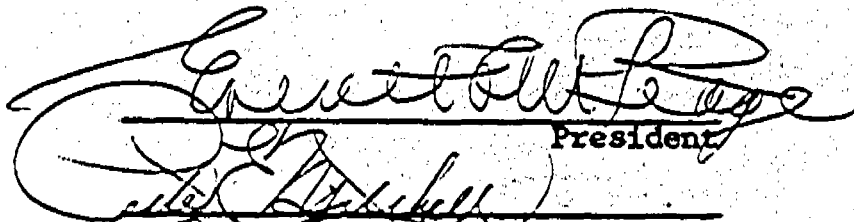
2. That Pacific shall file with this Commission a detailed statement of capital cost of Unit No. 3 power plant within one year following the date the unit is placed in commercial operation.

3. That Pacific shall file with this Commission a detailed statement of the capital cost of its proposed transmission and sub-station facilities needed to feed the capacity and energy developed by Unit No. 3 into its interconnected system within one year after completion thereof.


4. That the authorization herein granted shall expire if not exercised within three years from the date hereof.

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


Dated at San Francisco, California, this 20th day of DECEMBER, 1960.



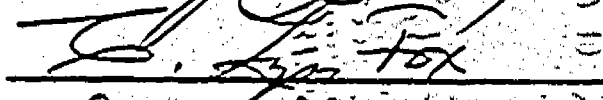
President



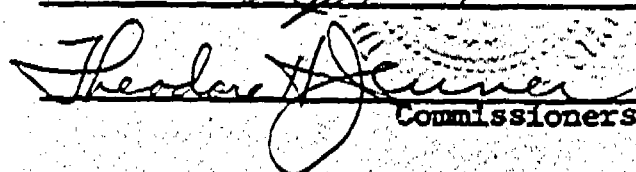
Commissioner



Commissioner



Commissioner



Commissioners