

ORIGINALDecision No. 61902

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 certain)
 agreements with the CITY AND COUNTY)
 OF SAN FRANCISCO, designated herein)
 as Exhibits K, L, M and N.)
(Electric)

Application No. 43200

INTERIM OPINION AND ORDER

By this application, filed March 3, 1961, Pacific Gas and Electric Company seeks an order of this Commission authorizing it to carry out the terms and conditions of four agreements by which applicant would provide a temporary accommodation to the City and County of San Francisco so as to permit the latter fully to utilize the power and energy output of its existing Hetch Hetchy hydroelectric generating plants, including new Cherry and Canyon plants, during the interim period between the time that the City's new plants become operative and the time when the entire output of the new and existing plants is required by the City for its own municipal purposes and for the requirements of the City's customers.

Applicant now is, and for sometime past has been, carrying out the terms and provisions of a number of agreements ^{1/} pursuant to the authorizations of this Commission for the purpose of enabling the City to make use of the energy generated in its power plants in compliance with the Raker Act.

1/ With appropriate amendments and modifications authorized by the Commission, these may be termed the Main Power, Modesto Irrigation District, Permanente Cement, Kaiser Chemical contracts, International Airport Service Agreements, and a supplemental power contract covering lease of facilities to the City, as well as agreements for assignment and extension of contract periods.

In the instant proceeding the company has entered into four new agreements. In the first of these, under date of August 1, 1960, the applicant, the City and The Dow Chemical Company have entered into an assignment agreement whereby, in essence, applicant assigns to the City a portion of its interest in a contract dated December 22, 1958, whereby the assignment agreement would become effective as of the date applicant receives written demand from the City, provided that the City's output of electric power and energy from its Hetch Hetchy hydroelectric generating plants exceeds the amount of electric power and energy required by the City for its own municipal purposes and for its own customers. This assignment is intended to terminate at midnight, April 30, 1972.

The second and third agreements, under date of August 1, 1960, are between applicant, the City and Hercules Powder Company and between applicant, the City and the Shell Chemical Company. These assignment agreements of earlier contracts, respectively dated December 29, 1958 and January 2, 1959, are substantially identical to that of The Dow Chemical Company and have the same terminating date.

The fourth agreement, also under date of August 1, 1960, is a letter agreement between applicant and City and provides, in essence, that applicant will (a) sell to City at applicant's Newark Substation all of the power and energy (termed supplementary power and energy) that the City may require over and above the available output of its new and existing plants to meet its obligations under the assigned Dow, Hercules and Shell Chemical contracts, and (b) to deliver the City's power and energy to Dow, Hercules and Shell.

The letter agreement between applicant and the City further provides that delivery of power and energy shall not, and is not intended to, constitute a dedication of any of applicant's facilities

to common carrying of electricity. In addition, it provides that the Dow, Hercules and Shell contract assignments shall be subject to the granting of authorization by this Commission to carry out their terms and be subject to such modification as this Commission may, from time to time, direct in the exercise of its jurisdiction.

By letter of April 27, 1961, the City and County of San Francisco has requested expedited action respecting this Commission's approval of these contracts because of the urgency of releasing water during this year of short supply. The Commission is informed that the stored water which is used for the generation of power at the City's Cherry Dam is, in part, water owned by the Turlock and Modesto Irrigation Districts and that the Districts have the right to demand that all of the water which has been, or can be, stored from this year's runoff for the generation of power at the Cherry Powerhouse be released between now and the end of September. To the extent that this water is not put through the Cherry Powerhouse, there will be a loss in power generation. The water can be released to the Districts without being put through the generating plants. However, such type of operation would represent a loss not only of electric power production, but a revenue loss to the City which may run as high as five or six hundred thousand dollars. To prevent loss of power generation and revenues, the City requires approval of the contracts so that electric deliveries under the contracts may commence May 1.

It has been the intention of this Commission that public hearing in the matter would be held at the earliest practicable date. In this connection, the staff of the Commission has requested applicant to supply certain material and detailed information additional

to that contained in the application and applicant is presently engaged in assembling this material. Its preparation, however, will take some considerable time. In view of the urgency expressed by the City, as hereinabove mentioned, it appears appropriate to issue an interim authorization in this matter as a matter of accommodating the public interest. Applicant and the City are placed on notice, however, that the authorization hereinafter granted is of a temporary nature, pending demonstration by applicant of the reasonableness of its request and the issuance of a final decision in the matter, and, further, that the Commission reserves the right to rescind, alter or amend the authorization so granted or to direct the modification of any of the terms of each or all of the agreements for which authority is so granted.

Good cause appearing therefor,

IT IS HEREBY ORDERED as follows:

1. Pending final disposition of this matter in a subsequent order of this Commission, applicant is authorized to carry out the terms and conditions of that certain letter agreement with the City and County of San Francisco, dated August 1, 1960, and, in accordance therewith, may extend the assignment of the contracts with The Dow Chemical Company (Western Division), Hercules Powder Company and Shell Chemical Company, as contemplated in said letter agreement.

2. The authorization contained in the foregoing Paragraph 1 is subject to the continuing jurisdiction of this Commission and to

such modifications as the Commission may hereafter, from time to time, direct in the exercise of its jurisdiction.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 28th day of April, 1961.

Walter H. Page
President

J. H. Hill

C. Lynn Fox

Fredrick B. Holoboff
Commissioners