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Decision No. _____

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 authorizing applicant)
 to carry out an agreement to continue)
 for an additional fixed term, an)
 existing contract for the sale of)
 electric power and energy to the)
 CITY OF UKIAH.)

Application No. 43915

(Electric)

OPINION AND ORDERApplicant's Request

By the above-entitled application filed November 14, 1961, Pacific Gas and Electric Company requests authority to carry out an amendatory agreement, dated October 13, 1961, with the City of Ukiah. Said agreement will continue, for an additional term, a contract dated November 14, 1955, as amended by an agreement dated December 12, 1957, relating to the sale of electric power and energy to Ukiah. The amendatory agreement is attached to the application as Exhibit B.

Present and Proposed Service

Since August 31, 1955, the beginning of the term of the existing contract, Pacific has furnished service to Ukiah, for the latter's use and for resale to its customers, under and in accordance with the terms and conditions of a contract dated November 14, 1955,^{1/} as amended by a subsequent agreement dated December 12, 1957,^{2/} herein referred to collectively as the 1955 contract. A general

1/ Decision No. 52630, February 14, 1956, in Application No. 37589.
2/ Decision No. 56432, April 1, 1958, in Application No. 37589.

electric rate increase, authorized by Decision No. 55720, dated October 22, 1957, provided, among other things, for an increase in the rate of Schedule R, Resale Service, under which Ukiah is served.

Agreement Provisions

The amendatory agreement dated October 13, 1961, amends Section 10 of the 1955 contract to provide that it shall continue in force for a term of five years from and after August 31, 1962, the initial contract having covered a 7-year period, and thereafter from year to year; provided, however, that either party thereto shall have the right to terminate the contract at the expiration of either the initial term, the second term, or any subsequent contractual year by giving the other written notice to that effect at least twelve months prior to such termination date. All other provisions of the contract remain unchanged.

The agreement provides that it is subject to the authorization of the Commission and subject to such changes or modifications as said Commission may, from time to time, direct in the exercise of its jurisdiction.

Pacific states that the reason for this agreement is to insure that the supplier-customer relationship between Pacific and Ukiah will continue for a fixed term of at least five years after August 31, 1962, so that Pacific can plan its system requirements to meet Ukiah's future needs in the most economical and orderly manner.

Pacific avers that it has given careful consideration to all the facts and circumstances involved and alleges that the addition of the term of five years to the 1955 contract with Ukiah in the manner provided in the agreement will be to the best interests of Pacific and Ukiah.

Findings and Conclusions

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.

It has heretofore been noted that the existing contract omits from the applicable rate schedule the last sentence of special condition (b) pertaining to demand, which provides that maximum demands in the preceding 11 months be taken into consideration in determining demands for billing purposes. The authorization of the amendatory agreement extending the term of this contract is not to be construed as passing upon the appropriateness of such a clause.

Applicant and Ukiah are hereby placed on notice that in any future rate proceeding this Commission will not be obligated to consider the opposition of either party to any proposed changes in this contract predicated on the basis that a contract between the parties already exists as authorized by this Commission.

The Commission having considered the request of the applicant and finding that it is not adverse to the public interest and concluding that the application should be granted and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED that:

1. Pacific Gas and Electric Company be and it is authorized to carry out the terms and conditions of the amendatory agreement, dated October 13, 1961, with the City of Ukiah.
2. Pacific Gas and Electric Company shall file three copies of the amendatory agreement as executed within thirty days after the effective date of this order.
3. Pacific Gas and Electric Company shall file with this Commission a statement promptly after termination of said

amendatory agreement, showing the date when said agreement was terminated.

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

Dated at San Francisco, California, this 9th day of JANUARY, 1967.

Robert R. Page
President
W. H. Marshall
D. Lynn Fox
George W. Grover
Fredrick B. Holbrook
Commissioners