

Decision No. 63010

**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 )  
electricity to the City of Alameda. )  
(Electric) )

Application No. 43904

OPINION AND ORDER

In this application filed November 8, 1961, Pacific Gas and Electric Company, hereinafter called Pacific, requests authority to carry out an amendatory agreement dated September 15, 1961, with the City of Alameda to continue for an additional fixed term a contract dated October 13, 1955 for the sale of electricity, which said contract is hereinafter referred to as the existing contract.

By Decision No. 52642 dated February 14, 1956, in Application No. 37595 this Commission authorized Pacific to carry out the terms and conditions of the said existing contract which provides that Pacific shall sell to the City of Alameda all of the electricity which the City of Alameda will require for its own use and for resale to its customers. Charges for electricity are in accordance with the presently filed Schedule R, Resale Service, with the exception that the last sentence of special condition (b) pertaining to demand does not apply. The maximum demand to be used for billing purposes will be the maximum demand established in the current month in lieu of using the mean of the actual maximum so determined for the current month and the highest such demand occurring in the year ending with the current month.

The existing contract became effective October 1, 1955, and is to continue in force until the expiration of seven years after October 1, 1955, and thereafter from year to year, subject to termination by either party in the manner provided in the contract.

Under the amendatory agreement the existing contract is to continue in force for a second term of five years after October 1, 1962, and thereafter from year to year, subject to termination by either party pursuant to the terms of the amendatory agreement. The reason for the amendment is to assure that the supplier-customer relationship between Pacific and the City of Alameda will continue for a term of at least five years after October 1, 1962, so that Pacific can plan its system requirements to meet the City of Alameda's future needs in the most economical and orderly manner.

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

The Commission will grant the authorization herein requested, and in doing so the Commission reaffirms its position as stated in other 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 utility customers.

Cognizance is taken of the City of Alameda's right to terminate the existing contract as extended by the amendatory agreement under certain conditions when and if the rates and charges are changed so as to increase the net charges paid by the City of Alameda. Applicant and the City of Alameda are hereby put 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 the contract, as extended, predicated on the existence of a contract which has been authorized by this Commission.

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.

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. Applicant is authorized to carry out the terms of the amendatory agreement with the City of Alameda dated September 15, 1961.
2. Applicant shall file three copies of the amendatory agreement as executed within thirty days after the effective date of this order.
3. Applicant shall notify this Commission in writing of the date of termination of the existing contract between applicant and

the City of Alameda, dated October 13, 1955, as extended by the amendatory agreement authorized herein, within thirty days after said date of termination.

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

Dated at San Francisco, California, this 9<sup>th</sup> day of JANUARY, 1967.

Carroll W. Page  
President

W. L. Mitchell

S. L. Fox

George J. Brown

Frederic B. Halbach  
Commissioners