

ORIGINAL

Decision No. 63685

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 it to carry out)
an electric service contract dated)
October 18, 1961 with AEROJET-GENERAL)
CORPORATION.)
(Electric)

Application No. 44031

OPINION AND ORDER

By the above-entitled application filed December 20, 1961, Pacific Gas and Electric Company, hereinafter sometimes called Pacific, seeks an order of this Commission authorizing it to carry out the terms and conditions of a written contract dated October 18, 1961, with Aerojet-General Corporation, hereinafter sometimes called Aerojet. The contract relates to the furnishing and installing of additional electrical facilities to provide increased electric service to Aerojet at its rocket fuel testing areas in the vicinity of Nimbus, County of Sacramento, California. A copy of the contract is attached to the application herein as Exhibit B.

Proposed Service

Since 1954 Pacific has been furnishing 12 kv electric service to Aerojet for the operation of its electrical machinery installed in the High Thrust Liquid Rocket Fuel Test Area in the vicinity of Nimbus. The electric service is furnished from Pacific's existing 5000 kva Alder Creek Substation located on Aerojet's property under Pacific's filed electric Schedule A-13, General Service-Demand Metered, off peak basis, as provided in the presently effective contract dated May 4, 1959, a copy of which is attached to the application herein as Exhibit A.

Aerojet contemplates increasing its electric load by installing electric equipment at its new 4600 High Thrust Solid Rocket Fuel Test Area, adjacent to and west of its Liquid Rocket Fuel Test Area, which will increase its requirements for electric service to a total estimated demand of 7500 kw. In order to provide this increased service Aerojet has requested Pacific to install special facilities which will minimize voltage fluctuations instead of installing standard facilities for the enlargement of the Alder Creek Substation.

The total revenue received from Aerojet under the existing contract for the twelve-month period ending October 1961 was \$182,786.28. Pacific estimates that it will receive an additional \$73,080 annual revenue for the electric service to the new equipment to be installed by Aerojet.

Contract Provisions

The new electric service contract dated October 18, 1961, provides that Pacific shall install the following facilities at an estimated cost of \$77,000:

- (a) Special facilities consisting of voltage regulators on the 12 kv side of Bank No. 1,
- (b) Approximately 550 feet of new 60 kv wood pole and wire electric transmission line, and
- (c) A new 2000 kva 60/12 kv bank of transformers adjacent to Bank No. 1.

The electricity will be furnished in accordance with Pacific's applicable rates on file with the Commission. For the initial purpose, Pacific's filed Schedule A-13, off peak basis, shall be deemed the rates applicable. All electricity furnished shall be delivered to and received by Aerojet (a) at Pacific's existing 12 kv bus for Bank No. 1, and (b) at Pacific's new 12 kv bus to be constructed for Bank No. 2, subject to the provisions of Article 8 and Article 13. The readings of the meters for both kwh

use and simultaneous kw demands will be combined for billing purposes, in accordance with Pacific's Rule No. 9, Section (D)2.

Aerojet agrees to pay Pacific, in addition to all other costs and charges, an annual cost of ownership charge of \$6,900 payable in equal monthly installments of \$575 each commencing with the date of completion of the installation of said facilities. This cost of ownership charge is 15 percent of the sum of \$46,000, which sum represents the difference between the estimated installed cost to Pacific of \$31,000 for the standard facilities which it would normally install at its expense and the estimated installed cost to Pacific of \$77,000 for the facilities requested by Aerojet. The monthly ownership charge will be increased if Aerojet desires to increase its load demand over the installed capacities of Bank No. 1 and Bank No. 2, and additional special facilities are required to meet such demand.

The contract shall become effective when authorized by this Commission. The initial term of the contract is from October 18, 1961, to and including five years from and after the date electricity is first supplied to Aerojet, and the contract shall continue thereafter for successive five-year periods. Either party may terminate the contract at the expiration of the initial or any subsequent five-year period, on sixty days' advance written notice. In the event Aerojet desires to terminate the contract prior to the expiration of ten years from and after the date of first service, Aerojet shall pay to Pacific, at Aerojet's option, either (1) Pacific's net installation and removal costs of its facilities or (2) the cost of ownership charges of \$6,900 per year for the balance of such ten-year period.

The new contract cancels and supersedes the existing contract and contains a provision that it shall be subject to such

changes or modifications as the Commission may from time to time direct in the exercise of its jurisdiction.

Justification for Authorization

Pacific alleges that it has given careful consideration to all of the circumstances involved and that the contract of October 18, 1961, and the terms and conditions thereof are fair, just and reasonable to Pacific and Aerojet.

Findings and Conclusions

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 electric customers.

Applicant and Aerojet 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 change in the contract predicated on the existence of a contract which has been authorized by this Commission.

The Commission has considered the request of the applicant and finds that it is not adverse to the public interest and concludes 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 is hereby authorized to carry out the terms and conditions of the written contract dated October 18, 1961, with Aerojet-General 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 the Commission within thirty days after the effective date of this order two certified copies of said contract dated October 18, 1961, as executed, together with a statement of the date on which said contract is deemed to have become effective.

3. 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 14th day of May, 1962.

Charles H. [Signature]
President
[Signature]
[Signature]
George J. Grover
Frederic B. Hallock
Commissioners