

**ORIGINAL**Decision No. 63734

## 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  
January 22, 1962 with the LIBBY-OWENS-  
FORD GLASS COMPANY.  
(Electric)

Application No. 44215

OPINION AND ORDER

By the above-entitled application filed February 23, 1962, 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 January 22, 1962, with Libby-Owens-Ford Glass Company, hereinafter sometimes called Libby-Owens-Ford. The contract relates to the furnishing and installing special electric transmission facilities to provide electric power and energy for the operation of apparatus and equipment at the new glass laminating plant of Libby-Owens-Ford located near Manteca, San Joaquin County, California. A copy of the contract is attached to the application herein as Exhibit A.

Contract Provisions

The electric service contract dated January 22, 1962, provides that Pacific shall extend its electric transmission facilities and sell and deliver to Libby-Owens-Ford all of the electric power and energy which shall be required for the operation of apparatus and equipment at its new plant located approximately three miles northwest of Manteca, San Joaquin County, with an ultimate rated capacity of approximately 16,000 kva.

In place of the standard facilities which Pacific would normally install at its expense, Pacific has agreed to install special facilities consisting of (1) approximately 0.75 mile of new 60 kv wood pole and wire transmission line extending from Pacific's existing Howland Substation to a new substation on Libby-Owens-Ford's premises to be known as "Louise Substation", (2) approximately 2.25 miles of new 60 kv wood pole and wire electric transmission lines extending from Pacific's existing Manteca-Herdlyn 60 kv Line No. 204 to Louise Substation, which (1) and (2) will form a looped 60 kv circuit, and (3) a 60 kv automatic reclosing circuit breaker, meters and other associated facilities.

The electricity will be furnished in accordance with Pacific's applicable rates on file with the Commission. Initially Pacific's filed Schedule A-13, off peak basis, shall be deemed the rates applicable. For convenience of the parties the electricity will be metered at 12,000 volts at such location, on the Libby-Owens-Ford's side of the point of delivery as shall be mutually agreed upon. The readings of the meters for both kilowatt-hour and simultaneous kilowatt demands will first be adjusted for transformer losses from 12,000 volts to 60,000 volts and then combined for billing purposes.

Libby-Owens-Ford agrees to pay Pacific, in addition to all other costs and charges, the annual cost of ownership charges of \$7,376.40, payable in equal monthly installments of \$614.70 each, commencing with the date of the completion of the installation of the facilities. This annual cost of ownership charge is 15 percent of the sum of \$49,176, which sum represents the difference between the estimated installed cost to Pacific of \$57,234 for the standard

facilities which Pacific would normally install at its expense and the estimated installed cost to Pacific of \$106,410 for the special facilities requested by Libby-Owens-Ford.

Subject to the authorization of the Commission, the initial term of the contract shall be from January 22, 1962, to and including five years from and after the date electricity is first supplied to Libby-Owens-Ford, and the contract shall continue thereafter for successive periods of five years or one year each, as provided in Article 12. In the event Libby-Owens-Ford desires to terminate the contract prior to the expiration of ten years from and after the date of first service, it has the option to pay to Pacific either (1) Pacific's net installation and removal costs attributable to its facilities or (2) Pacific's cost of ownership charges of \$15,961.50 per year for the balance of the ten-year period, which charges represent 15 percent of Pacific's estimated installed cost of \$106,410.

The contract contains the provision that it shall at all times be subject to such changes or modifications by the Commission as it may, from time to time, direct in the exercise of its jurisdiction.

Pacific estimates that it will ultimately receive an annual gross revenue of at least \$150,000 from the sale of electric energy to Libby-Owens-Ford under this contract.

Justification for the Authorization

Pacific alleges that it has given careful consideration to all of the circumstances involved and that the contract of January 22, 1962, and the terms and conditions thereof are fair, just and reasonable to Pacific and Libby-Owens-Ford.

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 Libby-Owens-Ford 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 January 22, 1962, with Libby-Owens-Ford Glass Company, 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, three copies of said contract dated January 22, 1962, 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 28th  
day of MAY, 1962.

Everett W. Rogers  
President  
John H. Smith  
E. Lynn Fox  
George H. Hoover  
Frederick B. Hollings  
Commissioners