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Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 SAN DIEGO GAS & ELECTRIC COMPANY, a
 corporation, for authorization to
 carry out an agreement with Escondido
 Mutual Water Company, as amended
 April 19, 1962.

)
 Application No. 44476
 (Filed May 22, 1962)

O P I N I O N

Applicant's Request

San Diego Gas & Electric Company (San Diego) requests authorization to carry out an agreement dated April 19, 1962, with the Escondido Mutual Water Company (Mutual). Said agreement amends the fuel clause section of the contract dated April 30, 1954, between San Diego and Mutual relating to the purchase and sale of electric energy by the parties. A copy of the agreement is attached to the application as Exhibit A. Pursuant to the agreement, San Diego purchases electric energy generated by Mutual and Mutual purchases electric energy generated by San Diego. It is alleged that in each of the years subsequent to the agreement, San Diego purchased more electric energy from Mutual than it sold to Mutual. The original agreement was authorized by this Commission in Decisions Nos. 49926 and 49963 (Application No. 35233).

Proposed Agreement

The purpose of the proposed agreement is to resolve a controversy concerning the interpretation of the fuel clause of the contract dated April 30, 1954 which resulted in court action being instituted by Mutual. In order to resolve the controversy, San Diego and Mutual have agreed to amend said contract as follows.

Without changing the base price of fuel or incremental quantities used in calculating the fuel price adjustment, the agreement provides that the adjustment will be based on the price of oil or gas which results in the higher adjusted energy charges and on the average prices effective at noon on the first day of the month.

San Diego alleges that it will continue to purchase more electric energy from Mutual than it sells to Mutual and that, therefore, any increase in the cost of electric energy sold by San Diego to Mutual will be more than offset by San Diego's purchases from Mutual.

In granting the authorization herein requested, San Diego is placed on notice that it may be required to bear any costs incident to the service being authorized herein should it appear, in any future rate proceeding, that the cost of rendering this service is not fully compensatory or is in any way a burden on applicant's other customers.

This agreement provides that it shall not become effective until authorized by the Commission. However, the jurisdictional clause required by General Order No. 96-A does not appear in either the original contract or this agreement. The April 30, 1954 contract states:

"Except as otherwise expressly provided herein, the Water Company agrees to abide by and comply with the rules and regulations for the sale of electric energy of the Electric Company, as filed with the Public Utilities Commission of the State of California."

San Diego and Mutual are hereby put on notice that in any future rate proceedings this Commission will not be obligated to consider the opposition of either party to any proposed changes in this

contract predicated on the existence of a contract between the parties authorized by this Commission.

Findings

Upon consideration of the evidence the Commission finds as follows:

1. The proposed agreement is not adverse to the public interest and the application should be granted.
2. Public hearing is not necessary.

O R D E R

IT IS HEREBY ORDERED that:

1. San Diego Gas & Electric Company is authorized to carry out the terms and conditions of the written agreement with Mutual, dated April 19, 1962, set forth in Exhibit A attached to the application, and is authorized to render the service described therein under the terms, charges and conditions stated therein.

2. San Diego Gas & Electric Company shall file with this Commission within thirty days after the effective date of this order, two certified copies of said agreement, as executed, together with a statement of the date said agreement is deemed to have become effective.

3. San Diego Gas & Electric Company shall file with this Commission a statement showing the date the electric service was first supplied under this agreement and shall file a statement

promptly after termination, 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 2nd day of OCTOBER, 1962.

George A. Grover
President
[Signature]
Conrad W. Fay
Fredrick B. Holhoff

Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.