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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 NEVADA IRRIGATION DISTRICT and)
 PACIFIC GAS AND ELECTRIC COMPANY for)
 an order granting and conferring upon)
 Pacific Gas and Electric Company all)
 necessary permission and authority to)
 enter into, perform and carry out the)
 provisions of Part II of the Consoli-)
 dated Contract proposed to be entered)
 into by them.)
 (Water))

Application No. 45560
 (Filed June 26, 1963)

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) and Nevada Irrigation District (Nevada) seek a Commission order, pursuant to Section 532 of the Public Utilities Code, granting Pacific authority to enter into and carry out the provisions of Part II of a proposed water contract with Nevada. Part I of said contract does not require Commission action.

The effect of the proposed contract would be to modify a contract previously entered into between the parties and pursuant to this Commission's Decision No. 36228, dated March 16, 1943, in Application No. 25504. The parties desire to modify the existing contract so as to achieve maximum beneficial use of the waters involved under the changed conditions which will be brought about by expansion of Nevada's water storage and transmission facilities.

Under the mutually beneficial operating relations which the parties have under the existing contract, Pacific transports certain of Nevada's water in its transmission facilities and, in the course of so doing, generates hydroelectric energy therefrom. At present, Pacific pays Nevada approximately \$300,000 per year for

such use of its water. Nevada has the right to take prescribed amounts of surplus Pacific water.

Under the proposed contract it is estimated that Pacific would pay Nevada \$3,029,000 per year for such use of its water and for the purchase of electricity to be generated by Nevada. The proposed contract provides for increased charges for the surplus water which, under some circumstances, Pacific furnishes to Nevada. These charges would be increased by as much as \$3.08 per acre-foot. Under normal future conditions, however, Nevada will not be taking water from Pacific, and Pacific's water revenues from sales to Nevada may be expected to decline. The increased rates proposed in the contract for the sale of water by Pacific are based upon the equivalent value of the water as a source of hydroelectric energy and are more nearly compensatory than the rates prescribed by the existing contract.

The Commission has considered the above-entitled application, finds that the execution and carrying out of the terms of the proposed contract will not be adverse to the public interest, and concludes that the authorization requested should be granted. A public hearing therein is not necessary.

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to enter into an agreement with Nevada Irrigation District, substantially as set forth in Part II of the copy of the proposed contract attached to the application herein and marked Exhibit A.

2. Pacific Gas and Electric Company shall file with this Commission two true copies of said contract as finally executed, within thirty days after such execution.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 9th day of JULY, 1963.

William B. Dundy
President

George L. Hoover

Frederick B. H. Hoff
Commissioners