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Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 PACIFIC GAS AND ELECTRIC COMPANY for
 a certificate of public convenience
 and necessity to construct, install,
 operate, maintain and use at its
 Moss Landing Power Plant Units No. 6
 and No. 7, together with transmission
 lines and related facilities.
 (Electric)

Application No. 45439
(Filed May 16, 1963)

F. T. Searls, John C. Morrissey, Leland R. Selna, Jr.,
 for applicant.
K. J. Hedstrom, for William E. Warne, for the
 Department of Water Resources; W. Knecht & Ralph
Hubbard, for the California Farm Bureau Federation,
 interested parties.
Franklin G. Campbell and Melvin E. Mezek, for the
 Commission staff.

OPINION AND ORDER

By this application, Pacific Gas and Electric Company seeks a certificate of public convenience and necessity for the construction of two additional steam-electric generating units at its Moss Landing Power Plant and for construction of transmission and related facilities. Public hearings in the matter were held before Examiner Emerson on September 5 and 6, 1963, in San Francisco.

The Moss Landing Power Plant (Units 1 through 5) has heretofore been certificated by this Commission.^{1/} Commercial operation of the plant began on April 20, 1950 when Unit No. 1 became operative. Thereafter Unit No. 2 became operative on December 20, 1950; Unit No. 3 on February 19, 1951; Unit No. 4 on October 27, 1952; and Unit No. 5 on December 17, 1952. These five units provide

^{1/} Decision No. 42282, issued in 1948, and Decision No. 45861, issued in 1951 in Application No. 29522.

a present gross plant capacity of approximately 613 megawatts and supply power to applicant's integrated transmission network through 230 kv lines to Metcalf and Panoche.

Applicant's plans for meeting system load growth have long contemplated additional units at Moss Landing. It now proposes to add 750 megawatts of capacity, by means of Unit No. 6, which is scheduled for operation by the summer of 1966 and an additional 750 megawatts, by means of Unit No. 7, which is scheduled for the fall of 1967. On completion of these two units, the Moss Landing Power Plant would have a total normal operating capacity of 2,113 megawatts.

In order to make the outputs of Units Nos. 6 and 7 available to applicant's overall system, applicant proposes to construct a single 500 kv circuit extending 48.5 miles to Los Banos and a single 500 kv circuit extending 115.6 miles to Tesla via Metcalf.

The costs of the project are estimated to be as follows:

Units Nos. 6 and 7 and appurtenances	\$132,000,000
Transmission facilities	<u>33,340,000</u>
Total	\$165,340,000

For the period 1956 through 1962, applicant's system has experienced an average peak-load growth exceeding 340 megawatts annually. For the period 1963 through 1967, the average area peak-load growth is expected to exceed 590 megawatts annually and to reach an average-year total of 8,960 megawatts or an adverse-year total of 9,040 megawatts.

At a plant capacity factor of 80 percent, Units Nos. 6 and 7 are expected to produce energy at an average cost of 5.2 mills per kwhr. Experience with Units Nos. 1 through 5 indicates a cost of 7.4 mills per kwhr for the same plant capacity factor of 80 percent.

In view of the evidence, the Commission finds that applicant will be obliged to increase the capacity of its production plant and to extend its transmission lines, as it has proposed in this proceeding, in order to meet the future power demands of the public. The Commission further finds that public convenience and necessity require and will require that applicant construct and operate the above-discussed production plant and transmission facilities.

The certificate of public convenience and necessity issued herein is subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

IT IS ORDERED that Pacific Gas and Electric Company be and it is hereby granted a certificate of public convenience and necessity authorizing it to construct, operate, and maintain the electric production and transmission facilities described in detail in this application and generally comprising Units Nos. 6 and 7, Moss Landing Power Plant, 750 megawatt nominal capacity each, together with appurtenant facilities and transmission lines to Los Banos and to Tesla via Metcalf.

IT IS FURTHER ORDERED that applicant shall file with this Commission a detailed statement of capital costs of Units Nos. 6 and 7, including its proposed transmission lines and related facilities within one year following the date each unit is placed in commercial operation.

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

Dated at San Francisco, California, this 26th day of NOVEMBER, 1963.

William C. DeWitt
President
W. E. Smith
Wesley L. King
George L. Grover
Frederick B. Holbrook
Commissioners