

Decision No. 66730**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 Drum No. 2  
 Power Plant to be located on Bear  
 River, Placer County, California,  
 together with related facilities.  
 (Electric)

Application No. 45986  
 (Filed November 27, 1963)

OPINION AND ORDER

Pacific Gas and Electric Company seeks a certificate of public convenience and necessity to construct, operate and maintain Drum No. 2 Power Plant together with related facilities and to exercise all rights, permits, easements and franchises which may be useful in connection therewith.

Applicant presently owns and operates Drum No. 1 Power Plant located on Bear River in Placer County which primarily utilizes waters of the south and middle forks of the Yuba River, which waters are released from Lake Spaulding and conveyed through applicant's Drum Canal. Part of this water supply is developed by Nevada Irrigation District (NID).

Applicant states that in order to utilize additional water which will become available as a result of NID's current expansion of its Yuba-Bear River Development, applicant proposes to enlarge its Drum Canal, construct a new power plant to be known as Drum No. 2 Power Plant, and to make certain alterations to related facilities at Drum No. 1 Power Plant.

Drum No. 2 power house will be located immediately upstream from Drum No. 1 power house and will be constructed to utilize a peak

flow of approximately 440 second feet under a maximum static head of 1,379 feet. The power house will be an outdoor installation which will include a 59,000 horsepower vertical, multi-jet, impulse turbine direct-connected to a 3 phase, 60 cycle, 13,800 volt, 0.9 power factor, 49,000 kva generator and switching and transforming equipment to connect the plant to PG&E's existing 110 kv system. The new plant will be designed for full unattended automatic operation. Essential controls and metering devices will be located at Drum No. 1. The alterations and modifications to be made at Drum No. 1 will include (1) alterations to the control room to accommodate control panels for Drum No. 2, (2) new 100 kv oil circuit breaker positions, (3) modifications of the 110 kv ring bus, and (4) establishment of a new communication room.

The cost of the construction of Drum No. 2 power house, the enlargement of Drum Canal, and the alterations to Drum No. 1 power house, is estimated to be \$9,240,000. A detailed estimate of the cost of these facilities, by accounts, is shown in a statement entitled "Estimated Cost of Drum No. 2 Power Plant", attached to the application as Exhibit B.

Applicant states that, in order to utilize fully and to the greatest beneficial extent the additional quantities of water that will be made available by NID's expansion of its Yuba-Bear Development and to better coordinate the operation of applicant's and NID's mutually dependent facilities, and in order to provide for the transportation of said water for use in NID's project, and downstream irrigation distribution system, NID is to pay applicant \$9,240,000. This amount represents the estimated cost of the construction of Drum No. 2, the enlargement of Drum Canal and the alterations to Drum No. 1 power house and is to be paid by NID in

installments paralleling expenditures made thereon by applicant. Exhibit 1, which is described below herein, shows that the \$9,240,000, when received from NID, will be accounted for as a "Contribution in Aid of Construction". It is presently estimated that the proposed total development will be completed by the summer of 1966.

Applicant states that it owns and possesses effective general county electric franchises granted by the board of supervisors of the County of Placer and that it intends to acquire such rights, permits and easements as shall be necessary or useful in connection with the construction, operation, maintenance and use of the afore-mentioned project. Applicant further states that on June 24, 1963, the Federal Power Commission issued to applicant a license under the Federal Power Act for a project (No. 2310) which, among other things, includes the enlargement of Drum Canal and the construction of Drum No. 2 power house.

Applicant's records and studies indicate that its area peak load has increased from 3,356 megawatts in 1953 to 5,996 megawatts in 1962 and that it is estimated to increase to 9,010 megawatts under adverse year conditions in 1967. During the same period the area energy requirement has increased from 18.6 billion kilowatt-hours in 1953 to 34.3 billion kilowatt-hours in 1962 and it is estimated to increase to 51.2 billion kilowatt-hours in 1967 under adverse year conditions.

The construction of Drum No. 2 will add 42.5 megawatts of capability to applicant's resources and will increase the average annual generation from Drum No. 1 and Drum No. 2 plants by about 72 million kilowatt-hours.

Applicant represents that the generation of Drum No. 2 will be required to supply a portion of its area electric load, the

annual rate of growth of which is estimated to be more than 500 megawatts and more than 3,000 million kilowatt-hours at the present time.

The new generating capacity will form a part of applicant's integrated system and the power to be generated therein will be distributed and sold to the public in the central and northern parts of California.

Supplemental information received from applicant enclosed and attached to its letter dated December 23, 1963, which letter, enclosure and attachment are hereby made a part of the record as Exhibit 1 herein, states that the estimated annual cost of power from Drum No. 2 Power Plant is \$566,000, which when related to the aforesaid total average annual energy increase of 72 million kilowatt-hours produces an estimated average cost of power at the plant of 7.86 mills per kilowatt-hour.

The Commission concludes that in view of the continuing growth in demand and energy requirements that applicant is experiencing, the generating capacity proposed herein will be needed to provide adequate and reasonable electric service to the public within the area it serves.

It is hereby found as a fact that public convenience and necessity require the construction, operation, maintenance and use of Drum No. 2 Power Plant as described in this application.

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

That the Commission shall have no power to authorize the capitalization of the 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 a 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 future proceedings for the purpose of determining just and reasonable rates.

The Commission, having considered the above-entitled application, is of the opinion that the application should be granted. A public hearing is not necessary.

IT IS HEREBY ORDERED that:

1. A certificate of public convenience and necessity is granted to Pacific Gas and Electric Company to construct and operate Drum No. 2 Power Plant, together with modifications and alterations to its Drum No. 1 power house and other related equipment, facilities and appurtenances, all as described in the application.

2. Within one year following the date of completion, Pacific Gas and Electric Company shall file with this Commission a detailed statement of the capital cost of Drum No. 2 Power Plant and related equipment and facilities, including the associated transmission and substation facilities.

3. The authorization herein granted will expire if not exercised within three years from the effective date hereof.

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

Dated at San Francisco, California, this 4th day of FEBRUARY, 1964.

William W. Beards  
President

[Signature]

George T. Crowe

Fredrick B. Holloff  
Commissioners