

ORIGINALDecision No. 68598

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC GAS AND ELECTRIC COMPANY)
 for authorization (a) to carry out)
 the terms and conditions of agree-)
 ments dated July 14, 1964 and)
 September 21, 1964 with STANDARD)
 OIL COMPANY OF CALIFORNIA, WESTERN)
 OPERATIONS, INC., and (b) to revise)
 and refile Pacific's Schedule)
 No. A-14, General Service-Demand)
 Metered.)
 (Electric))

Application No. 47130
 Filed November 20, 1964

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) requests an order granting authority (a) to carry out the terms and conditions of agreements dated July 14, 1964 and September 21, 1964 with Standard Oil Company of California, Western Operations, Inc. (Standard), and (b) to revise and refile Electric Schedule No. A-14, General Service-Large Demand Metered, all relating to the supply of electric service to Standard's oil refinery located at Richmond, Contra Costa County.

Pacific is supplying all of the electric requirements at Standard's oil refinery at Richmond, except for the capacity (24,375 kva) of Standard's electric generating facilities operated in parallel with Pacific's system. Pacific supplies (a) electric service for a maximum demand of approximately 53,000 kw under Schedule No. A-13, General Service-Demand Metered, (b) 4,000 kva of capacity under Schedule S-1, Standby Service. The electric services are supplied in accordance with the terms and conditions of an agreement dated July 21, 1958.

Pacific and Standard entered into a supplemental agreement dated July 14, 1964, a copy of which is attached to the application as Exhibit A, whereunder (a) effective as of Pacific's regular March 1964 meter reading date Pacific's Schedule No. A-14, General Service-Large Demand Metered, and Schedule No. S-1, Standby Service, are deemed to be the schedules of rates and charges applicable to electric power and energy delivered under the 1958 agreement in lieu of Schedules Nos. A-13 and S-1, (b) the term of the 1958 agreement is extended as provided in Schedule No. A-14 for a period ending 10 years after Pacific's regular February 1964 meter reading date, which is deemed to be the date service was first supplied under Schedules No. A-14 and No. S-1. The supplemental agreement further provides that the 1958 agreement as amended shall be deemed canceled at such time as the parties enter into a new 10-year agreement covering service to Standard.

Standard has informed Pacific that it plans to expand and enlarge its refinery operations by the addition of an Isomax project for conversion of heavy fuel oil stocks into gasoline and other higher grade products; this will increase the output of Standard's refinery by about 40 percent. In connection with this expansion program Standard has requested Pacific to provide additional electric power and energy to increase the total maximum demand at the refinery to approximately 100,000 kw by about January 1, 1966. In accordance therewith, Pacific and Standard have entered into an agreement dated September 21, 1964 (new agreement), a copy of which is attached to the application as Exhibit B. The new agreement reaffirms the basic provisions of the 1958 agreement, as supplemented by the July 1964 agreement considered herein, and in addition provides that Pacific shall install by August 1, 1965, or such later date as may be mutually agreed upon, a new double circuit 115-kv electric transmission line

approximately 5,500 feet from the existing substation to a new substation site in the Isomax project area, plus associated equipment, and shall construct a new substation on Standard's premises and install two 33.75/45 mva, 3-phase transformers. The estimated cost to Pacific to furnish and install the new facilities is stated to be \$542,000.

Under the terms of the new agreement, Pacific agrees to supply service at the rates of Pacific's filed and effective Schedule No. S-1, Standby Service, and a revised Schedule No. A-14, General Service-Large Demand Metered, containing rates for firm and excess demand service. In connection with the request for approval of the proposed new agreement, Pacific also requests authorization to revise and refile Schedule No. A-14 to provide combination firm and excess demand service, at the option of its customers, where a customer's maximum demand exceeds 60,000 kw. The proposed revised schedule is attached to the application as Exhibit C.

To effect this revision, Pacific has added Special Condition 9 to Schedule No. A-14 to provide optional interruptible service where a customer's maximum demand exceeds 60,000 kw and to provide for billing adjustments when curtailment occurs.

Supplemental information received from Pacific by letter of January 27, 1965 modifying said schedule by adding provisions for the application of interruption and curtailment procedures is hereby received as Exhibit 1 herein.

The proposed changes in the rates and conditions of Schedule No. A-14 are said to be necessary in order to meet competition of alternatives to purchased power, and to make the rates for loads of this magnitude comparable to the rates of other large utilities in the state.

Pacific also states that it is to the benefit of Pacific's other customers to have large loads in excess of 50,000 kw served on an interruptible basis to meet the requirements of firm customers in times of system emergency when there exist sufficient spinning reserve and transmission margin to meet the requirements of Pacific's regular customers on firm rates.

The new agreement further states that Standard agrees not to install additional electric generating facilities except (a) such as may be desired to utilize what would otherwise be waste heat, waste process pressure energy, or indisposable by-product fuels, which now are or hereafter may be produced in connection with Standard's refinery processes, or (b) such as may be installed to utilize high pressure steam developed from boilers installed to meet refinery steam requirements. However, in no event shall any such additional generation cause the electrical requirements supplied by Pacific to be less than approximately 100,000 kw nor shall it cause the ratio of Standard's generating capacity to the maximum demand supplied by Pacific to exceed the present ratio of Standard's existing generating capacity (24,375 kva) to the present maximum demand supplied by Pacific (53,000 kw).

The new agreement provides that Standard shall continue to pay to Pacific, in addition to all other costs and charges, an annual cost of ownership charge of \$12,735 payable in equal monthly installments of \$1,061.25. This annual cost of ownership charge represents nine percent of the sum of \$141,500 which was paid to Pacific under the 1958 agreement as excess cost for special facilities, consisting of transformers with load ratio control and associated equipment, installed at the request of Standard. There are no such charges to be made in connection with the facilities to serve the increase in load.

The new agreement provides that it shall become effective upon the effective date of an order of the Commission authorizing Pacific to carry out the terms and conditions thereof and shall continue in force thereafter for an initial term of 10 years from August 1965 and thereafter for successive periods of five years. Either party has the right to terminate the agreement at the expiration of either the initial term or any 5-year period by giving the other written notice to that effect at least two years in advance of such termination date.

Upon the effective date of the new agreement, the 1958 agreement, as amended, shall terminate.

The new agreement 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 alleges that no reduction in present revenues will result from the revision of Schedule No. A-14. Standard is the only customer presently contemplated to which this schedule would apply. Based on Standard's estimated 1966 load (approximately 106,000 kw maximum demand), the annual revenue under Schedule No. A-14, revised, will be \$6,161,000.

Pacific states that the revision of Schedule No. A-14 will not result in an increase to any customer or in withdrawal of service, and that it will not conflict with other schedules or rules. It provides for service under conditions which will prevent its resulting in a burden on other customers.

The Commission finds that:

1. The service to be provided under the agreement of July 14, 1964 is in accordance with Pacific's filed Schedule No. A-14.

2. The proposed new agreement of September 21, 1964 is not adverse to public interest.

3. Revision of Schedule No. A-14 to provide electric service, subject to interruption and curtailment, to customers whose load requirements exceed 60,000 kw is reasonable.

The Commission concludes that the application should be granted. A public hearing is not necessary.

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to carry out the terms and conditions of the written agreement dated July 14, 1964 with Standard Oil Company of California, Western Operations, Inc., a copy of which is attached to the application as Exhibit A.

2. Pacific Gas and Electric Company is authorized to carry out the terms and conditions of the written agreement dated September 21, 1964 with Standard Oil Company of California, Western Operations, Inc., a copy of which is attached to the application as Exhibit B.

3. Pacific shall file with this Commission, within thirty days after the effective date of this order, four certified copies of the agreements herein authorized, together with a statement of the date on which each agreement is deemed to have become effective.

4. Pacific shall file a statement with this Commission showing the date electric energy is first supplied under each agreement herein authorized and shall file a statement promptly after termination showing the date when said agreements are terminated.

5. Pacific Gas and Electric Company is authorized to revise and refile its electric Schedule No. A-14, General Service-Large Demand Metered, in accordance with the proposed revised schedule

attached to the application as Exhibit C as modified by Exhibit 1 received herein. Said schedule shall be effective on regular statutory notice (30 days).

6. Pacific Gas and Electric Company shall, immediately upon issuance or withdrawal of a curtailment order to any electric customer, notify this Commission by telephone furnishing the extent and period of curtailment and shall subsequently file a written report.

7. Pacific Gas and Electric Company shall forthwith file and maintain with this Commission an up-to-date summary of all electric customers served on schedules which contain provisions for interruptible and curtailment service.

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

Dated at San Francisco, California, this 11th day of FEBRUARY, 1965.

Frederic B. Holbrook
President

John J. Mitchell

George T. Grover

Augustine

William W. Bennett
Commissioners