

**ORIGINAL**Decision No. 70183

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

## (AMENDED TITLE)

In the Matter of the Application of  
 PACIFIC GAS AND ELECTRIC COMPANY  
 for authorization (a) to carry out  
 the terms and conditions of an  
 agreement dated September 8, 1965  
 with UNION OIL COMPANY OF CALIFORNIA  
 amending an existing agreement, and  
 (b) to file and make effective  
 Pacific's proposed revised  
 Schedule No. P-8.

Application No. 47319  
 (Amendment filed October 11,  
 1965)

(Electric)

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) requests an order authorizing it to carry out the terms and conditions of an agreement dated September 8, 1965 with Union Oil Company of California (Union) which amends an agreement dated May 22, 1958 relating to the supply of electricity and steam for the operation of Union's refinery at Oleum, Contra Costa County, and to file a revised Schedule No. P-8, Oil Refinery Electric and Steam Service.

In Decision No. 58377, dated May 7, 1959, in Application No. 40270, the Commission authorized Pacific to carry out the terms and conditions of the 1958 Agreement with Union for, among other things, the supply of electricity under Schedule No. A-13, General Service-Demand Metered. Decision No. 58377 also approved agreements between Pacific and Tidewater Oil Company and Pacific and Shell Oil Company for refinery electric and steam service. Said decision ordered Pacific to file a

tariff schedule which would summarize the rate provisions of the agreements between Pacific and the three oil companies. In compliance with the order in said decision, Pacific on June 26, 1959, by Advice No. 171-E, filed a new tariff schedule designated "P-8, Oil Refinery Electric and Steam Service" to reflect the rate portions of each agreement.

On February 9, 1965, Pacific filed Application No. 47319 requesting authorization to carry out an agreement with Union, dated November 17, 1964, to amend the 1958 Agreement. As a result of subsequent negotiations Pacific and Union on September 8, 1965 entered into a new agreement which revises and supersedes said November 17, 1964 Agreement; an amended Application No. 47319 was filed which changes the reference to the rates and charges from Pacific's electric Schedule No. A-14, General Service-Large Demand Metered, and Schedule No. A-13, General Service-Demand Metered, to a proposed revised Schedule No. P-8, Oil Refinery Electric and Steam Service. A copy of the agreement dated September 8, 1965 (Revised Supplemental Agreement) is attached to the amended application marked Exhibit A.

The Revised Supplemental Agreement of September 8, 1965 amends the 1958 Agreement so that the electric rates and charges contained in Pacific's proposed revised Schedule No. P-8 are applicable to Union's load as follows: (a) effective as of March 1, 1964 (the effective date of Pacific's presently effective Schedule No. A-14) Unlimited Electric Rate II (equivalent to said Schedule No. A-14) will apply to that portion of the load meeting the conditions of the schedule (approximately 15,000 kw served from Substations No. 1 and No. 2); (b) effective as of July 1,

1964 (the effective date of Pacific's presently effective Schedule No. A-13) Unlimited Electric Rate I (equivalent to said Schedule No. A-13) will apply to the remainder of the load (approximately 1,000 kw served from Substation No. 3). According to a summary of billing information, attached to the application as Exhibit B, the maximum demands for the calendar year 1964 for Substations No. 1 and No. 2 were 9,000 and 6,156 kilowatts, respectively, and 800 kilowatts for Substation No. 3.

The formula for payment fuel credit in the 1958 Agreement is amended to provide for the application of Pacific's proposed Schedule No. P-8.

The term of the 1958 Agreement is extended for an initial term ending ten years (initial term requirement under Pacific's Schedule No. A-14) from and after March 1, 1964, which date shall be deemed to be the date on which service was first supplied to Union under the rates, charges, and conditions of the proposed revised Schedule No. P-8 (except that the revised rate for load served from Substation No. 3 shall be effective as of July 1, 1964) and shall continue for subsequent terms of five years each until canceled by either party by written notice two years in advance of the end of the initial term or any subsequent five-year term.

Pacific states that the annual revenues for the calendar year 1964 computed at the rates in the 1958 Agreement amounted to \$928,456. In comparison, at the rates provided in the Revised Supplemental Agreement, the annual revenues would have amounted to \$862,028 or a decrease of \$66,428.

Pacific further states that a review of expenses of operating its Oleum Power Plant, during the period the 1958 Agreement has been in effect, indicates that the operating expenses (excluding fuel costs) and property taxes assigned to the Union load, amounted to \$191,600 for the year 1958 and \$237,400 for the year 1964, for an increase of \$45,800. During the negotiations of the Revised Supplemental Agreement the parties agreed, as provided in the 1958 Agreement, to partially offset this increase in expenses by an increase in the quantity of payment fuel due under the terms of the 1958 Agreement. As provided in the Revised Supplemental Agreement, the fuel adjustment factor was reduced from 95% of the posted price to 88.5% of the posted price of fuel oil. When applied to the year 1964, the change in the factors would increase the quantity of payment fuel by 16,900 barrels. The value of the added fuel received by Pacific as a result of the change from the 95% to the 88.5% adjustment factor would amount to \$33,700. This value of fuel received would offset a substantial portion of the \$45,800 increase in expenses.

Except as modified by the Revised Supplemental Agreement, all other terms and conditions of the 1958 Agreement are reaffirmed and are to remain in full force and effect.

The Revised Supplemental Agreement provides that it shall not become effective until authorized by the Commission and upon such authorization shall be deemed effective as of March 1, 1964.

Pacific requests authority to revise Schedule No. P-8 to include certain portions of Schedule No. A-14 and refile said Schedule in conformity with General Order No. 96-A. The

proposed revised schedule is attached to the amended application as Exhibit C.

The Commission finds that the proposed agreement and revision of Schedule No. P-8 are justified and not adverse to the public interest.

The Commission concludes that the amended 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 September 8, 1965, with Union Oil Company of California, amending an agreement dated May 22, 1958.
2. Pacific Gas and Electric Company shall file with this Commission, within thirty days after the effective date of this order, four certified copies of the agreement herein authorized.
3. Pacific Gas and Electric Company shall notify the Commission in writing of the termination of the agreement herein authorized, within thirty days after the date of termination.
4. Pacific Gas and Electric Company is authorized to revise and refile its electric Schedule No. P-8, Oil Refinery Electric and Steam Service, in conformity with General Order No. 96-A and with the proposed revised schedule attached to the application as Exhibit C.
5. Pacific Gas and Electric Company shall file with this Commission, in conformity with General Order No. 96-A, the summary required by the general order, listing all contracts and deviations, including the agreement herein authorized. Such

list shall become effective upon regular statutory notice (30 days) to the Commission and to the public after filing as hereinabove provided.

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

Dated at San Francisco, California, this 11<sup>th</sup> day of JANUARY, 1966.

Frederick B. Hill  
President

George L. Hoover

Augustin

William B. Bennett  
Commissioners