

**ORIGINAL**Decision No. 70833

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY for an order granting and conferring upon applicant all necessary permission and authority to perform and carry out a written agreement dated October 7, 1965 with COALINGA ASBESTOS COMPANY, INC.  
(Electric)

Application No. 48377  
(Filed April 5, 1966)

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific) requests an order authorizing it to carry out the provisions of a written agreement dated October 7, 1965 with Coalinga Asbestos Company, Inc. (Coalinga). The agreement, a copy of which is attached to the application as Exhibit B, relates to the furnishing and installing by Pacific of certain electric facilities used to furnish electric service to Coalinga's asbestos mill located near the City of Coalinga in Fresno County. The agreement provides for a monthly minimum charge greater than that provided in the applicable filed schedule which Pacific states is necessary to protect its capital investment in electric facilities considered to be temporary.

Coalinga and Pacific entered into an agreement dated March 19, 1965 under which Pacific agreed to furnish and install approximately thirteen (13) miles of 70-kv wood pole line, a 1500-kva 70/12-kv substation, approximately two (2) miles of 12-kv wood pole line and a 1500-kva 12,000/480-volt substation on Coalinga's property, together with metering facilities and associated equipment at an estimated cost of \$192,390 for the supply of electric service to Coalinga. A copy of said agreement is attached to the application marked as Exhibit A.

On October 7, 1965 Pacific entered into a superseding agreement with Coalinga to carry out its obligations of the agreement dated March 19, 1965 by a more economical means and to provide capacity to supply customers in addition to Coalinga. The proposed electric facilities to be constructed under the new agreement of October 7, 1965 will also serve Atlas Minerals Company and New Idria Mine (as well as any other prospective customers) which customers depend on a supply of minerals in the area to continue operations and, as stated in the application, can be classified as speculative or questionable permanent customers. The new agreement reduces Pacific's cost of serving Coalinga from \$192,390 provided in the March 19, 1965 agreement to \$150,000.

Under the terms of the new agreement, Pacific agrees to furnish and install said electric facilities provided satisfactory rights of way, easements, licenses and permits have been granted at a cost agreeable to Pacific, with the exception of said 12-kv wood pole line. Coalinga shall grant or obtain for Pacific without cost to Pacific all necessary land rights, licenses, or permits required for the construction, maintenance and operation of the 12-kv wood pole line facilities to be installed.

For the initial purpose of the agreement, the rates of Pacific's Schedule No. A-13, General Service-Demand Metered, shall be deemed the rates applicable to electric service subject to certain modifications provided in the agreement and described as follows:

If for any month the bill for electric service as computed under the effective schedule would amount to less than the sum of (1) \$1,875 called "Monthly Cost of Ownership Charge" which is one and one-fourth per cent ( $1\frac{1}{4}\%$ ) of \$150,000, the cost to Pacific of installing facilities to serve Coalinga only, plus (2) the kilowatt hours of electricity delivered by Pacific during said month, if any,

times the terminal energy rate of Pacific's rate schedule, which (1) and (2) are referred to as "Contract Minimum," then Coalinga shall pay Pacific for any such month the Contract Minimum amount instead of the lesser amount, except that if Pacific serves the Atlas Minerals Asbestos Mill directly from said facilities or any extensions thereof, then each month the Monthly Cost of Ownership Charge of the Contract Minimum shall be credited with an amount computed as follows:

- a. The total revenue received for such month by Pacific from Atlas shall be multiplied by 60;
- b. The product in (a) above shall be reduced by the initial additional capital expenditure by Pacific to serve Atlas Minerals, including the cost of transformers and meters;
- c. The remainder obtained in (b) above shall be multiplied by one and one-fourth per cent ( $1\frac{1}{4}\%$ ) and the product shall be so credited.

The new agreement shall be for an initial period commencing on the effective date of the Commission's order and including one (1) month from and after the date electric service is first supplied and shall continue from month to month provided, however, that either party may terminate the new agreement at the end of the initial term or any subsequent month upon thirty (30) days' prior written notice, and further, in the event Coalinga shall permanently cease to take service under the new agreement prior to ten (10) years from the date electricity is first supplied, Coalinga shall pay to Pacific on demand \$100,000 less accrued depreciation on that portion of the facilities being constructed to serve Coalinga only, which is estimated to cost Pacific \$150,000. However, at the end of such ten (10) year period Coalinga shall have no liability with respect to said portion of the facilities or the cost of its installation, whether depreciated or not.

The application states Coalinga contemplates a period of operation of approximately 10 years during which it estimates its demand requirements to be 1500 hp and 50 kw lighting. The estimated annual gross revenue to be derived by Pacific under Schedule No. A-13 is \$80,000.

The agreement provides that it shall not become effective until authorization of the Commission is first obtained and 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 and Coalinga are hereby placed on notice that in any future rate proceeding this Commission will not be obligated to consider the opposition of either party predicated on the existence of an agreement which has been authorized by this Commission.

The Commission finds that the proposed agreement is not adverse to the public interest and concludes that the application should be granted. Pacific is placed on notice that if it should appear in a future proceeding that any losses are being incurred because of deliveries under this agreement, such losses are not to be imposed on Pacific's other electric customers. 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 October 7, 1965 with Coalinga Asbestos Company, Inc., a copy of which is attached to the application as Exhibit B.
2. Pacific Gas and Electric Company shall file with this Commission, within thirty days after the effective date of this order and in conformity with General Order No. 96-A, four certified copies of the agreement as executed, together with a statement of the date on which said agreement is deemed to have become effective.

3. Pacific Gas and Electric Company shall notify the Commission in writing of the date of termination of the agreement within thirty days after the date of termination.

4. 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 five days' notice 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 14<sup>th</sup> day of JUNE, 1966.

*Frederick B. Hallock*  
 President

*[Signature]*

*George T. Traver*

*[Signature]*

*[Signature]*  
 Commissioners