

ORIGINAL

Decision No. 71881

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 authorizing it, among other things, to carry out the terms of a contract dated January 10, 1963, as modified by a supplemental agreement dated August 1, 1966, and as may be subsequently modified by a Tap Line Agreement dated August 1, 1966, with the UNITED STATES OF AMERICA, acting through the U.S. ATOMIC ENERGY COMMISSION, for the supply of electric energy and power to the STANFORD LINEAR ACCELERATOR CENTER.
(Electric)

Application No. 48879
(Filed October 18, 1966)

OPINION AND ORDER

Pacific Gas and Electric Company (PG&E) requests authorization to carry out the provisions of a written contract dated January 10, 1963, as modified by a supplemental agreement dated August 1, 1966, and as may be subsequently modified by a Tap Line Agreement dated August 1, 1966, with the United States of America, acting through the U.S. Atomic Energy Commission (Government) for the supply of electric power and energy to the Stanford Linear Accelerator Center (SLAC) in San Mateo and Santa Clara Counties.

The application states the service to be rendered by PG&E under the contract is unusual with respect to the nature of the load, the fact that PG&E is not the sole supplier, and the fact that SLAC is a research project sponsored by the United States Government and thus subject at all times to annual appropriation from Congress for its continuance. Because of the foregoing, all of the rates, charges, and conditions of service contained in PG&E's

tariffs were not deemed appropriate and the parties therefore negotiated for the following terms and conditions of the contract for which they seek authorization.

a. Initial contract term of ten years. Selected for consistency with term required for interruptible service under PG&E's Schedule A-18.

b. Cancellation charges if the Government terminates prior to ten years.

c. Off-peak provisions of Special Condition 3 of PG&E's Electric Schedule A-13 are not applicable.

d. Method of computing the charges for firm service furnished by PG&E after Government starts receiving power from Reclamation is different from that used when PG&E supplies all of a customer's requirements.

e. Rates charged for interruptible service are special and at present are only authorized for one other customer (Ames Research Center, NASA) on PG&E's system.

f. Contract provides for a monthly contract minimum charge.

g. Provision for billing adjustment if the meter error is in excess of 1%. PG&E's Rule 17 provides for adjustment if the meter error is in excess of 2%.

PG&E states it is informed that the United States Government and Leland Stanford Jr. University have entered into a contract for the design and construction of a linear accelerator and accelerator complex for Government upon certain real property owned by Stanford and leased to Government and the project will need electric power which can be delivered and/or supplied by PG&E.

PG&E further states the United States Bureau of Reclamation has allocated 25 megawatts (mw) of electric power to SLAC for a portion of the electric service requirements of SLAC

which will be delivered by Pacific subject to the provisions of the Transmission and Exchange Service (power wheeling service) Contract No. 175r-2650 as supplemented and/or amended between PG&E and Reclamation.

Government and PG&E entered into a contract dated January 10, 1963, (Contract No. AT(04-3)-466) as modified by a supplemental agreement dated August 1, 1966 which contract and supplemental agreement are referred to herein as Government-PG&E Contract. A copy of said contract is attached to the application marked Exhibit A. The terms and conditions of the Government-PG&E Contract and the electric service specifications which are a part thereof provide, among other things, as follows:

PG&E agrees to install certain facilities to supply the entire electrical requirements of SLAC and to sell to Government all electric power (in excess of that allocated to Government by Reclamation and delivered by PG&E) required for the operation of all electrically operated equipment and devices used in connection with SLAC, except such electric power as may be provided in the event of failure of the normal sources from Government's own standby facilities located at the SLAC Project Area, and/or such power, not to exceed 10,000 kw, as may be provided from experimental facilities located at the SLAC area. The power and energy furnished by PG&E is firm service in such amounts as Government may designate and interruptible service (in excess of firm service) as defined in the Government-PG&E Contract.

PG&E will supply service at nominal delivery voltages of 60 kv and 220 kv and is not obligated to provide capacity at 60 kv in excess of 18 mw, or capacity at 220 kv in excess of 300 mw. The point of delivery for service at 60 kv shall be at the substation in the project area and for service at 220 kv at the

point where Government's 220 kv overhead line contacts PG&E's Monta Vista-Jefferson 220 kv overhead line. For convenience of the parties, service at both voltages will be metered at the substations in the project area. Measurements will be at 12 kv.

The Government-PG&E contract is for an initial term of ten years and shall continue in force thereafter for successive terms of one year each until terminated by either party at the end of the initial ten-year term or any subsequent term on twelve months' advance written notice. Government shall have the right to terminate the contract at any time within the initial term for any reason, provided that it shall pay PG&E, on the date of termination, the following cancellation charges which are stated to be necessary to protect PG&E and its ratepayers:

\$1,163,000 if the period between the date of termination notice and either the date of termination or date of discontinuance of service is less than 365 days;

\$ 775,000 if the period between the date of termination notice and either the date of termination or date of discontinuance of service is 365 days but less than 730 days; or

\$ 388,000 if the period between the date of termination notice and either the date of termination or date of discontinuance of service is 730 days but less than 1,095 days;

provided, however, the Government shall have the right upon twelve months' advance written notice to terminate the contract due to permanent project discontinuance without payment of the above stated charges.

PG&E states that since thermal capacity additions must be scheduled at least three years in advance, unused capacity resulting from discontinuance of service by the Government cannot be utilized until construction schedules are in effect which reflect the revised load situation. Therefore, the cancellation charge

is related to the number of days' notice PG&E receives in the event the Government desires to discontinue service. The cancellation provisions are intended to reimburse PG&E for the costs it would incur in case SLAC ceases to use PG&E's facilities during the initial term.

The contract also provides that in case of termination within the initial contract term, Government shall pay PG&E \$35,000 which is the estimated cost, less salvage value, of installing and later removing the facilities required to provide service to SLAC, subject to adjustment to actual cost upon completion of removal of said facilities.

The rate for firm service will be PG&E's Schedule A-13, General Service-Demand Metered, except that Special Condition 3 thereof "Off-Peak Demand" does not apply. Instead, for each monthly billing period prior to the month in which interruptible service is first furnished, only off-peak demands in excess of 50% of firm demands on PG&E will be considered for billing purposes.

After delivery of power from Reclamation has commenced, the billing for firm service supplied by PG&E will be determined by computing on Schedule A-13 the charges for total firm service, and subtracting from that amount the charges, similarly determined in accordance with Schedule A-13, for the service supplied by Reclamation.

For interruptible service Government agrees to pay PG&E an on-peak demand charge of \$0.6832 per kw per month, an off-peak demand charge of \$0.1577 per kw per month, and a minimum monthly demand charge of \$7,000. Said minimum monthly demand charge for interruptible service, which represents the equivalent of 10 mw of interruptible on-peak demand, is the minimum increment of interruptible capacity that PG&E can make available practically and

economically. The rate for interruptible energy is (1) 300 kwhr of Government interruptible energy from PG&E per kw of Government interruptible on-peak demand at \$.0062 per kwhr, plus (2) all excess Government interruptible energy from PG&E at \$.0048 per kwhr.

Government agrees to pay PG&E (a) a monthly contract minimum charge of \$13,400, which is subject to adjustment as provided in the contract, as amended, plus (b) 6.24 mills for each kilowatt-hour sold by PG&E to Government. For each 1,000 kw of demand supplied by Reclamation the contract minimum is to be reduced by \$61.00. The monthly contract minimum charge is stated to represent PG&E's continuing carrying costs associated with the 220 kv facilities required to serve SLAC.

Metering equipment will be tested at intervals not exceeding six months. A billing adjustment mutually agreed to, will be made if a meter error in excess of 1% is found to exist. This agreement, which is a deviation from PG&E's filed schedules, was reached in view of the quantities of power and energy involved and the fact that it is believed that the types of metering contemplated can be adjusted within 1% of meter error.

Under the provisions of the contract PG&E reserves the right to discontinue electric service to Government if any equipment of Government for any reason should impair service, create objectionable currents over PG&E's facilities causing interference with the utilization by PG&E, its customers or any third party, of radio, television, telephone or other electric facilities. PG&E shall not be required to resume service until Government provides, at its own expense, equipment satisfactory to PG&E to correct conditions specified above, or cease the operation from which the impairment of service or the objectionable electrical currents originate. The contract also provides that Government

shall control the use and operation of its electric apparatus so that use of power shall neither increase at a rate in excess of 12,000 kilowatts per minute nor decrease at a rate in excess of 18,000 kilowatts per minu

The Government-PG&E contract provides that all service to be furnished thereunder is subject to regulation by the Commission and that it shall not be effective until approved by the Commission. In the event of such approval, the effective date of the contract shall be January 10, 1963.

According to the application it was originally intended that a 220 kv tap line extending from PG&E's Monta Vista-Jefferson 220 kv line to the project area would be installed and operated by PG&E to provide the 220 kv service. When it became apparent that PG&E would not be able to obtain the necessary permits and land rights in time to provide the service when it would be required, the Government agreed to construct, own and operate the 220 kv tap line. By said supplemental agreement dated August 1, 1966, which is attached to the application marked Exhibit F, the Government-PG&E Contract was modified to cover this change. Under the terms of the supplemental agreement, provision is made for the purchase by PG&E, under certain conditions, Government's 220 kv tap line. Upon such purchase the Tap Line Agreement shall terminate and certain specified amendatory provisions of the Supplemental Agreement will terminate and no longer apply to the Government-PG&E Contract.

The supplemental agreement states Pacific shall pay Government for said tap line the original cost thereof but not to exceed \$1,028,000 less depreciation figured on a 6 $\frac{1}{2}$ % sinking fund basis in the same manner used for like facilities on Pacific's books of account.

The Tap Line Agreement also provides that PG&E shall pay to Government a monthly sum of \$11,685 as long as Government owns and operates said Tap Line. Said charges represent PG&E's estimated reduction in costs of \$1,028,000 by not having to build the tap line.

No objections to the granting of the authorization requested has been received.

PG&E and Government are hereby placed on notice that in any future rate proceeding this Commission will not be obligated to consider the opposition of either party to any proposed changes in this agreement predicated on the existence of an agreement which has been authorized by this Commission.

PG&E is placed on notice that if it should appear in a future proceeding that the revenue derived from this agreement is not compensatory, such inadequacy is not to be imposed on PG&E's other electric customers.

The Commission finds that the proposed contract and supplemental agreement is not adverse to the public interest and 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 provisions of the written contract dated January 10, 1963, as modified by the supplemental agreement dated August 1, 1966 attached to the application as Exhibit A, and as may be subsequently modified by the Tap Line Agreement dated August 1, 1966 attached to the application as Exhibit F, with the United States of America acting through the U.S. Atomic Energy Commission.

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 copies each of the contract as amended and the Supplemental Tap Line Agreement, as executed, together with a statement of the date on which the contract as amended and the supplemental agreement are deemed to have become effective.

3. Pacific Gas and Electric Company shall, in the event it purchases the Government owned tap line pursuant to the terms of the Tap Line Agreement, notify this Commission, within thirty days thereafter, of the total depreciated cost of said tap line and the date of transfer thereof.

4. 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 the summary required by that general order, listing all contracts and deviations including the contract and agreements herein authorized. Such list shall become effective upon statutory notice (thirty days) to the Commission and to the public after filing as hereinabove provided.

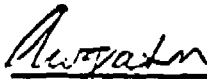
5. Pacific Gas and Electric Company shall file with this Commission a statement showing the date electric service was first supplied under said agreement and shall file a statement promptly after termination of said agreement, showing date of termination.

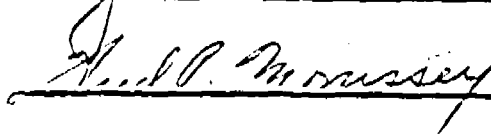
The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 24th day of JANUARY, 1967.


President







Commissioners

Commissioner WILLIAM SYMONS, JR. did not participate in the disposition of this proceeding.