

ORIGINAL

Decision No. 76188

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 PACIFIC GAS AND ELECTRIC COMPANY for
 authorization to carry out an agreement
 with the CITY AND COUNTY OF SAN FRANCISCO
 and VALLEY NITROGEN PRODUCERS, INC.
 designated herein as Exhibit T.

} Application No. 51225
 (Filed July 3, 1969)

OPINION AND ORDER

Pacific Gas and Electric Company (Pacific), requests an order of the Commission authorizing it to carry out an agreement between Pacific, the City and County of San Francisco (City) and Valley Nitrogen Producers, Inc. (Valley Nitrogen) dated May 20, 1969, effecting assignment to City by Pacific of its interest in an electric service contract of January 13, 1965, between Pacific and Valley Nitrogen.

By Decision Nos. 61902 and 63565, the Commission authorized Pacific to carry out the terms and conditions of four agreements by which applicant was providing a temporary accommodation to the City so as to permit the latter fully to utilize the power and energy output of its Hetch Hetchy hydroelectric generating plants until such time as the entire output of City's plants will be required by the City for its own municipal purposes and for the requirements of the City's customers. By those agreements Pacific's electric service contracts with the Dow Chemical Company, Hercules Powder Company and Shell Chemical Company were assigned to City, and Pacific agreed by letter agreement with City dated August 1, 1960 to deliver City's power and energy and supplementary power and energy purchased from Pacific by City, for City to said companies.

As a temporary accommodation to assist City to utilize fully the power and energy output of its existing hydroelectric generating plants and its new Robert C. Kirkwood power house between April 1, 1967, the date on which the new power plant was placed in commercial operation, and the time when City's load requirements for its own municipal uses and the assigned customers would fully utilize City's output from its hydroelectric system, an additional customer, California Ammonia Company, was assigned to City. This assignment was authorized by Decision No. 73121.

The above-mentioned letter agreement of August 1, 1960 between Pacific and City was amended by letter agreement of April 13, 1967 to add California Ammonia Company under the same terms and conditions of service as for Dow Chemical Company, Hercules Powder Company, and Shell Chemical Company. In September, 1967, Shell Chemical Company notified City and Pacific that, because of a permanent change in operations, their use of electricity would be sharply reduced at their Pittsburg chemical plant. On November 30, 1967, the contract with Shell Chemical Company for service under Schedule No. A-18 to its chemical plant, previously assigned to City, was terminated. To replace Shell Chemical Company and to permit City to continue to utilize fully its hydroelectric resources, an additional customer, Air Products and Chemicals, Inc., was assigned to the City. This assignment was authorized by Decision No. 73991.

The above-mentioned letter agreement of August 1, 1960 between Pacific and City was amended by letter agreement of November 28, 1967 to add Air Products and Chemicals, Inc., under the same terms and conditions of service as for Dow Chemical Company, Hercules Powder Company and California Ammonia Company.

The application states that due to the record snow fall of the 1968-1969 winter season, Hetch Hetchy hydroelectric power plants are operating at maximum available output levels, and are generating for sale by the City power and energy in excess of current customer requirements. To permit City to continue to utilize fully its hydroelectric resources, Pacific, City, and Valley Nitrogen on May 20, 1969 entered into an assignment agreement, a copy of which is attached to the application marked Exhibit T whereby Pacific assigned to City its interest in a contract dated January 13, 1965, wherein Pacific agreed to sell and deliver to Valley Nitrogen electric power and energy. The assignment agreement becomes effective on the date Pacific receives written demand from City, which shall be delivered by City concurrently to Valley Nitrogen, that the assignment becomes effective, provided that City's output of electric power and energy from its Hetch Hetchy hydroelectric generating plants must then exceed the amount of electric power and energy required by City for its own municipal purposes and for its customers not including Valley Nitrogen. As demand was made by the City on May 1, 1969, the assignment became effective on that date. The assignment will terminate at midnight July 31, 1975 unless otherwise terminated as provided in the assignment agreement. Pacific's Schedule No. A-18, Interruptible Primary Industrial Power, is the schedule applicable hereto.

By letter of May 20, 1969, Pacific and City entered into an agreement, a copy of which is attached to the application marked Exhibit V which amends the letter agreement dated August 1, 1960 by adding Valley Nitrogen under the same terms and conditions of service as for Dow Chemical Company, Hercules Powder Company, California Ammonia Company, and Air Products and Chemical, Inc.

The assignment agreement states that it shall be subject to authorization by this Commission, and shall be subject to modification by the Commission as it may from time to time direct in the exercise of its jurisdiction.

The Commission finds that the assignment of the Valley Nitrogen contract by Pacific to City as proposed herein is not adverse to 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 terms and conditions of the written agreement dated May 20, 1969, with the City and County of San Francisco and the Valley Nitrogen Producers, Inc., a copy of which is attached to the application as Exhibit T.

2. Pacific Gas and Electric Company shall file with the Commission, within thirty days after the effective date of this order, 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 thereafter.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 16th day of SEPTEMBER, 1969.

William J. Lyons, Jr.

 President

[Signature]

[Signature]

[Signature]

 Commissioners