

ORIGINAL

Decision No. 11762

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of  
 SANTA CRUZ COUNTY UTILITIES, a cor-  
 poration, for an order fixing an  
 Annual Minimum Charge for Electric  
 Service at Boulder Creek and Lorenzo  
 in Santa Cruz County, California.

Application No. 7386.

J. C. Hughes, for Applicant.

BY THE COMMISSION:

O P I N I O N .

Santa Cruz County Utilities asks the Commission to fix just and reasonable electric rates throughout the entire territory served by it and to so design the rates thus fixed that their application in Brookdale and vicinity, where the service is largely of a seasonal nature, and in Boulder Creek and vicinity, where the service is more or less uniform throughout the year, will result in equitable charges for both classes of consumers.

A public hearing in this matter was held before Examiner Satterwhite at Brookdale, at which time evidence was introduced relative to the Company's rates, capital and operating expenses.

This Commission, in its Decision No. 9760 in Application No. 6254, dated November 17, 1921, reviewed the rates of applicant and from the evidence therein estimated the capital, revenue and expense of the Company for the year 1921. Table No. 1 following sets forth a comparison of the Commission's estimate at that time with the operating capital, revenue and expense of the Company as reported to the Commission in this proceeding:

TABLE NO. I.  
SANTA CRUZ COUNTY UTILITIES  
OPERATING CAPITAL, REVENUE AND EXPENSE  
THE YEAR 1921.

|                             | 1921<br>C.R.C. Estimate | 1921<br>Appl.'s Report. |
|-----------------------------|-------------------------|-------------------------|
| Average Capital             | \$9,187.00              | \$ 9,187.00             |
| Gross Revenue               | 5,935.00                | 5,795.67                |
| Operating Expense           |                         |                         |
| Production (Purchased)      | 2,528.00                | 2,484.00                |
| Distribution                | 1,830.00                | 2,945.76                |
| General & Miscellaneous     | 200.00                  | 964.19                  |
| Taxes                       | 398.00                  | 410.83                  |
| Subtotal                    | \$4,956.00              | \$ 6,804.78             |
| Depreciation                | 277.00                  | 277.00                  |
| Total Operating Expense     | \$5,233.00              | \$ 7,081.78             |
| Net Return                  | 702.00                  | 1,286.11*               |
| Per Cent Return on Av. Cap. | 7.65                    | 14.*                    |

(\*Deficit)

From a study of data submitted and the investigations of the Commission's engineers carried on in this case, it appears that the expenses incurred during 1921 were far in excess of those estimated for that year by the Commission. The evidence herein indicates, however, that the large expense of 1921, which excluded certain professional charges incidental to the previous hearing, was due to certain actions on the part of the Company resulting in excess expense. The Company retained a former superintendent for five months at a salary of \$200.00 per month contrary to its program as then set forth, and employed additional help at a combined cost of approximately \$1,000.00, an amount considerably in excess of incidental expenditures that might be reasonably expected in connection with the normal development of applicant's business. These excess expenses can be justified only as deferred maintenance and inefficiency of management.

An analysis also indicated that applicant does not correctly segregate charges between capital and operating expenses, and

that some of the charges, not unreasonable in themselves, should be included in capital rather than in expense.

Applicant experienced an increase in business of 17% in 1921, and it appears that for the year 1923 a reasonable increase in business can be expected to continue. From the evidence in this proceeding it would appear that the following represents a reasonable estimate of capital, revenue and expense under existing rates for applicant's entire business for the year 1923:

SANTA CRUZ COUNTY UTILITIES  
ESTIMATED CAPITAL, REVENUE AND EXPENSE  
1923.

|                             | 1923<br>C.R.C. Estimate |
|-----------------------------|-------------------------|
| Average Capital             | \$12,000.00             |
| Gross Revenue               | 7,550.00                |
| Operating Expense           |                         |
| Production (Purchased)      | 3,230.00                |
| Distribution                | 2,640.00                |
| General & Miscellaneous     | 200.00                  |
| Taxes                       | 525.00                  |
| Subtotal                    | \$ 6,595.00             |
| Depreciation                | 370.00                  |
| Total Operating Expense     | \$ 6,965.00             |
| Net Return                  | \$ 585.00               |
| Per Cent Return on Av. Cap. | 4.9                     |

Applicant is entitled to a reasonable return if it gives good service. Certain adjustments in its rates should at this time be made to eliminate the discriminatory conditions existing between Boulder Creek and Brookdale. Under the rates in Boulder Creek seasonal service if rendered under monthly minimum charge as now provided does not adequately compensate the utility for the service rendered. On the other hand, a flexible rate should be made available for Boulder Creek in case seasonal service develops. Applicant has no heating or cook-

ing rate, although there appears to be some possibility of a development of this service, and it is advisable to make effective rates for cooking and heating at this time.

It would not be expected, under the conditions existing in the territory served by Santa Cruz County Utilities that during the coming year a full return can be had upon the Company's business except with the strictest economy and the rendering of adequate service. The rates herein fixed are designed to equitably divide the charges and encourage the development of business on the Company's system.

#### O R D E R

Santa Cruz County Utilities, having applied for a determination of just and reasonable electric rates, hearings having been held, the matter submitted and now ready for decision,

THE COMMISSION HEREBY FINDS AS A FACT that the electric rates of the Santa Cruz County Utilities are unjust and unreasonable in so far as they differ from the rates herein fixed, and that the rates herein fixed are just and reasonable rates to be charged for service rendered for the year 1923 and thereafter unless otherwise determined or approved by the Commission.

Basing its order on the foregoing finding of fact and the finding of fact set forth in the opinion preceding this order,

IT IS HEREBY ORDERED that Santa Cruz County Utilities be and the same is hereby ordered to charge and collect the following rates for electric service rendered on and after <sup>April</sup> March 1st, 1923, for service billed monthly, and for all service rendered on and after January 1st, 1923, for service billed seasonally:

SCHEDULE L-1.

General Lighting Service:

Applicable to all lighting service and small motor service.

Territory:

Applicable to all territory served by the Company.

Rate:

Seasonal Service:

|                                            |             |
|--------------------------------------------|-------------|
| First 300 KWH per meter per year .....     | 10¢ per KWH |
| Next 700 " " " " " " .....                 | 9¢ " "      |
| All over 1000 KWH per meter per year ..... | 8¢ " "      |

Monthly Service:

|                                            |             |
|--------------------------------------------|-------------|
| First 30 KWH per meter per month .....     | 10¢ per KWH |
| Next 70 " " " " " " .....                  | 9¢ " "      |
| All over 100 KWH per meter per month ..... | 8¢ " "      |

Minimum Charge:

A. Seasonal Service:

1. The annual minimum bill will be \$14.00 per meter per year, payable in two installments as follows:
  - (a) First installment, \$7.00, due and payable on April 1st of each year.
  - (b) Second installment, \$7.00, due and payable on July 1st of each year.
2. Where annual minimum bill is paid in one installment on or before May 1st of each year it will be subject to a discount of 50¢.

B. Monthly Service:

Consumers electing to take service monthly throughout the entire 12 months will be charged a monthly minimum bill of \$1.10.

SCHEDULE C-1.

General Heating, Cooking and Combination Service.

Applicable to general domestic cooking, heating, and/or water heating service.

Territory:

Applicable to all territory served by the Company.

Rate:

A. Heating, Cooking and/or water heating service.

|          |                             |       |              |
|----------|-----------------------------|-------|--------------|
| First    | 150 KWH per meter per month | ..... | 4.5¢ per KWH |
| All Over | 150 " " " " "               | ..... | 3.5¢ " "     |

B. Combination lighting, with heating, cooking and/or water heating service.

(1) Applicable to Residence, Flats, or Apartments of 8 rooms or less.

|          |                            |       |              |
|----------|----------------------------|-------|--------------|
| First    | 30 KWH per meter per month | ..... | (x)          |
| Next     | 150 " " " " "              | ..... | 4.5¢ per KWH |
| All Over | 180 " " " " "              | ..... | 3.5¢ " "     |

(x) Charge for first 30 KWH of the effective lighting schedule.

Minimum Charge:

Seasonal Service (Payable 1/2 April 1st, 1/2 July 1st)

|                                                                      |       |                         |
|----------------------------------------------------------------------|-------|-------------------------|
| First 5 KW or less of heating, cooking and/or water heating capacity | ..... | \$30.00 per year.       |
| All over 5 KW of heating, cooking and/or water heating capacity      | ..... | \$5.00 per KW per year. |

Monthly Service (Where consumer elects to pay monthly).

|                                                                      |       |                    |
|----------------------------------------------------------------------|-------|--------------------|
| First 5 KW or less of heating, cooking and/or water heating capacity | ..... | \$2.50 per mo.     |
| All over 5 KW of heating, cooking and/or water heating capacity      | ..... | 50¢ per KW per mo. |

Special Condition:

Rate "B" applies only where consumer installs and uses cooking, heating and/or water heating appliances other than lamp

socket devices of at least 3 KW capacity.

IT IS HEREBY FURTHER ORDERED that Santa Cruz County Utilities, before April 1st, 1923, file with this Commission the schedules of rates set forth herein.

Dated at San Francisco, California, this 6<sup>th</sup> day of March, 1923.

W. C. Shaver

James Maitland

J. T. Whittey  
Commissioners.