

Decision No. 14293

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation  
on the Commission's own motion of  
the rates, operations and practices  
of Weaverville Electric Company.

Case No. 2049.

C. H. Edwards, for Weaverville Electric Company.  
B. R. Brown, for Weaverville Highway Lighting District.

BY THE COMMISSION:

O P I N I O N

This is an investigation on the Commission's own motion into the electric rates, operations and practices of Weaverville Electric Company. The rates and service conditions of this company have, until the present time, never been formally before this Commission.

The Weaverville Electric Company was organized in 1893, direct current energy being generated in a small hydro-electric plant, and flat rate lighting furnished in the town of Weaverville. In 1923 the distribution system was entirely rebuilt, the old power plant was abandoned as a source of supply and service from the Pacific Gas and Electric Company was secured. At the same time a metered service was inaugurated.

As a result of metered rates and the changed operating conditions, there has been a certain amount of dissatisfaction on the part of several consumers. A voluntary reduction in rates on the part of the company failed to entirely remove this condi-

tion, and the company intimated to the Commission that a general investigation would be welcomed.

Hearing in this proceeding was held at Weaverville October 29, 1924, testimony being introduced and the matter submitted for decision.

An estimate of historical reproduction cost of the properties as of October 31, 1924, was submitted by Mr. Charles Grunsky of the Commission's Engineering Department. The following table gives the valuation of the properties as appraised by Mr. Grunsky:

TABLE NO. 1.

Historical Reproduction Cost Appraisal,  
Weaverville Electric Company  
Properties as of October 31, 1924.

Organization Expense	\$100.00
Poles and Fixtures	1,564.00
Overhead System	2,153.00
Transformers and Line Devices	451.00
Services	639.00
Meters	1,452.00
Cottage at Powerplant	750.00
Office Furniture and Fixtures	100.00
Materials and Supplies	<u>100.00</u>
<b>TOTAL OPERATIVE CAPITAL</b>	<b>\$7,289.00</b>

There being no question as to the reasonableness of the above appraisal, the amount \$7,289.00 will be used in the determination of a rate base for 1925. No consideration will be given in the rate base to that hydro-electric property held by Mr. Grunsky to be non-operative. The record in this case clearly shows that past earnings have been sufficient to have retired this property, as well as the portion of the distribution system recently rebuilt, had a proper depreciation reserve been established. Such a depreciation reserve would not have caused the stockholders to receive less than a fair return.

To the operative capital as shown in Table No. 1 must be added a reasonable allowance for working cash capital and for capital expenditures becoming necessary in 1925. After due consideration, an allowance of \$400.00 for working cash capital and \$250.00 for additions to capital in 1925 are deemed reasonable.

The following table gives the summation of items entering into the rate base for 1925, as used in this decision:

TABLE NO. 2.

Summation of Items  
Entering Into Rate Base  
For Year 1925.

Total Operative Capital ( From Table No. 1 )	\$7,289.00
Working Cash Capital	400.00
Allowance for Additional Capital Expenditures during 1925	<u>250.00</u>
TOTAL FOR 1925 RATE BASE	\$7,939.00

This company has never set aside a depreciation annuity. Testimony in the present case is to the effect that a depreciation annuity of \$200.00 is reasonable, and this figure will be used. In line with former decisions, it is the position of this Commission that this utility should account for the depreciation annuities which it will be permitted to collect from rates in the future. This also applies to interest upon the accumulated reserve, which must supplement these annuities if they are to be adequate.

Taxes have been estimated at \$350.00 for 1925, based upon a gross revenue of approximately \$4,700.00 during the calendar year 1924. This amount is reasonable and will accordingly be used.

Operating expenses, exclusive of taxes and depreciation, for the year 1925, were estimated by Mr. Grunsky to be \$3,850.00. This estimate includes cost of purchased power at \$950.00, which

figure may safely be reduced to \$900.00 in view of additional information now available to the Commission.

The following is a tabulation of operating expenses for the year 1925, as they will be used in this decision:

TABLE NO. 3.

Estimated Operating Expenses  
Exclusive of Taxes and Depreciation.  
Weaverville Electric Company - Year 1925.

Purchased Power	\$900.00
Distribution Expense	300.00
Commercial Department Expense	600.00
Salaries and Expenses of General Officers	1,700.00
Miscellaneous General Expense	275.00
Repairs to General Capital	<u>25.00</u>
TOTAL	\$3,800.00

Gross operating revenue for 1924 will be slightly less than \$4,700.00. Indications point to a greater use of energy for lighting and power during the year 1925, and a gross revenue of \$4,900.00 may therefore be expected, if the present rates are continued in effect.

The following table sets forth the revenue and return which should result, assuming the present rates to apply to the conditions as herein estimated for the year 1925:

TABLE NO. 4.

Estimated Revenue, Expense, and Net Return  
Weaverville Electric Company - 1925 Estimate

Gross Revenue		\$4,900.00
Operating Expenses, Table 3	\$3,800.00	
Taxes	350.00	
Total Expenses	<u>\$4,150.00</u>	
Depreciation	<u>200.00</u>	
Net for return		<u>4,350.00</u> 550.00
Rate of return on rate base of	\$7,939.00	7%

The Commission has held in a number of instances that 8 per cent was a reasonable return on capital investment. In the present instance, rates yielding an 8 per cent return would be higher than the consumers could reasonably be expected to pay, and a return of 7 per cent, as indicated in Table No. 4, is therefore found to be reasonable. The rate schedules set forth in the order accompanying this opinion would have resulted in such a return for the past year and with a normal increase in the use of electricity in the community a more liberal return will be received.

The existing lighting schedule is somewhat out of proportion to the cost of service. The new schedule for lighting provides for a higher minimum charge and substantial reduction in cost to those consumers using larger quantities of energy. Street lighting rates and heating and cooking rates are reduced. The general power schedule is revised without change in rate to any present power consumer.

### O R D E R

The Railroad Commission having made, upon its own motion, an investigation into the electric rates, operations and practices of Weaverville Electric Company, a public hearing having been held, the matter being submitted and now ready for decision;

The Railroad Commission hereby finds as a fact that the electric rates of Weaverville Electric Company are unjust, unreasonable and discriminatory, in so far as they differ from the electric rates hereinafter set forth, which are declared to be just and reasonable rates.

Basing its order upon the foregoing finding of fact and the findings of fact in the opinion preceding this order,

IT IS HEREBY ORDERED THAT:

(1) Weaverville Electric Company charge and collect for electric service now supplied under filed schedules, the rates set forth in Exhibit "A" attached hereto and made a part hereof.

Such rates to be filed with this Commission on or before December 20, 1924, and to become effective for metered service with bills based upon regular meter readings taken on and after December 20, 1924, and for flat rate service delivered on and after December 1, 1924.

(2) Each year, beginning with the calendar year 1925, Weaverville Electric Company account to its reserve for accrued depreciation for an annuity calculated in accordance with the principles followed in the opinion preceding this order, and also for interest at the rate of 6 per cent per annum upon the balance of the reserve for accrued depreciation on the first day of each year.

(3) The effective date of this order be December 1, 1925.

Dated at San Francisco, California, this 25<sup>th</sup> day of November, 1924.

W. C. Leary

H. B. Brundage

Iving Martin

Egerton Shore

J. T. Whittley

Commissioners.

EXHIBIT "A"

SCHEDULE L-1

(Cancelling Schedule L-1)

GENERAL LIGHTING SERVICE:

Applicable to general domestic and commercial lighting, including household appliances and single phase service to motor loads not to exceed 3 H.P. capacity.

TERRITORY:

Entire territory served by the company.

RATE:

First 7 KWH or less per meter per month	\$1.50		
Next 43 " per meter per month	.10	per KWH	-
Next 150 " " " " "	.08	"	"
Next 300 " " " " "	.06	"	"
All over 500 " " " " "	.04	"	"

SPECIAL CONDITIONS:

(a) Single phase motors of an aggregate capacity of 3 HP or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer; provided that, in case of combination service, the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.



SCHEDULE L-2.

(Cancelling Schedule L-2)

STREET AND HIGHWAY LIGHTING:

Applicable to existing street and highway lighting in the town of Weaverville, where equipment is owned and maintained by Weaverville Highway Lighting District, and necessary attachments are made to Company poles.

FLAT RATE SERVICE:

	<u>Lamp Rating.</u>	<u>Monthly charge per Lamp-All night service.</u>
Multiple Lamps:	40 Watts	\$ .65
	60 "	.95
	75 "	1.20
	100 "	1.50
	150 "	2.10
	200 "	2.75

MINIMUM:

\$27.50 per month.

SPECIAL CONDITIONS:

(a) Turning on and switching off of lights to be controlled by suitable time clock device to be owned, maintained and regulated by Weaverville Highway Lighting District, period of lighting not to exceed an average of ten hours per night throughout the year.

(b) Additional lights installed and maintained by private parties may be served from the same circuit at the above rates.

SCHEDULE C-1.

(Cancelling Schedule C-1)

GENERAL HEATING AND COOKING SERVICE:

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

TERRITORY:

Entire territory served by the company.

RATE:

First 120 KWH per meter per month 5.0¢ per KWH  
All over 120 KWH per meter per month 2.5¢ per KWH

MINIMUM CHARGE:

Sixty cents per month per kilowatt of connected load, but not less than \$3.00 per month.

SPECIAL CONDITIONS:

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

(b) Single phase motors aggregating 3 horsepower or less may be combined with heating and cooking under this schedule, in which case each horsepower of connected load will be considered equivalent to one kilowatt of connected load in determining the minimum charge.

SCHEDULE C-2.

(Cancelling Schedule C-2)

COMBINATION DOMESTIC SERVICE:

Applicable to domestic combination lighting, heating, cooking and small power service where consumer permanently installs and uses appliances of at least 2 kilowatts capacity.

TERRITORY:

Entire territory served by the company.

RATE:

First 30 KWH per meter per month	12.0¢ per KWH
Next 170 KWH per meter per month	5.0¢ per KWH
All over 200 KWH per meter per month	2.5¢ per KWH

MINIMUM CHARGE:

Sixty cents per month per kilowatt of connected load, but not less than \$3.00 per month.

SPECIAL CONDITIONS:

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

(b) Single phase motors aggregating 3 horsepower or less may be combined with heating and cooking under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

SCHEDULE P-1

(Cancelling Schedule P-1)

GENERAL POWER SERVICE:

Applicable to general commercial and industrial power service, to commercial heating and cooking service, and to rectifier service.

TERRITORY:

Entire territory served by the company.

RATE:

Horsepower of connected load.	Rate per kilowatt hour for <u>Monthly consumption of</u>		
	<u>First 50 KWH per h.p.</u>	<u>Next 50 KWH per h.p.</u>	<u>All over 100 KWH per h.p.</u>
2-9 h.p.	6.0¢	4.0¢	3.0¢
10-24 h.p.	5.0¢	3.5¢	2.0¢
25 h.p. and over	4.0¢	3.0¢	2.0¢

MINIMUM CHARGE:

First 10 H.P. of connected load \$1.25 per H.P. per mo.  
but in no case less than \$2.50 per mo.  
All over 10 H.P. of connected load \$1.00 per H.P. per mo.

SPECIAL CONDITIONS:

(a) Service under the above rates will normally be rendered at 110 and 220 volts.

(b) The connected load will be taken as the horsepower rating of the equipment used, which may at any one time be connected to the company's line, but in no case less than 2 horsepower.

(c) Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(d) Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.