

Decision No. 14812

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation on )  
the Commission's own motion of the )  
Rates and Practices involved in the )  
Sale of Electricity for Agricultural )  
Purposes by Western States Gas and )  
Electric Company. )

ORIGINAL

Case No. 2075.

J. J. Deuel, L. S. Wing and Edison Abel,  
for California Farm Bureau Federation  
and San Joaquin County Farm Bureau.

Chickering & Gregory by Allen L. Chickering  
and W. C. Fox; Nutter, Hancock & Ruther-  
ford by W. B. Nutter, for Western States  
Gas and Electric Company.

SEAVEY, COMMISSIONER:

O P I N I O N

The above entitled proceeding was instituted on the Commission's own motion by an order dated the second day of December, 1924, directing an investigation into the electric rates of Western States Gas and Electric Company, applying in its Stockton Division to electricity sold for agricultural purposes, and into the rules, regulations and practices followed in connection with the sale of electricity to agricultural consumers in the Stockton Division. This action was the result of considerable complaint to the Commission from agricultural consumers.

A public hearing was held in Stockton on January 6, 1925, at which time testimony was taken from various complainants. This hearing brought out the primary causes of complaint although subsequent hearings were held in the Commission's office in San Francisco during which exhibits were filed by both the Company and the

California Farm Bureau Federation. An informal conference between the interested parties was later held in the Commission's office and the matter then submitted to the Commission for decision.

It appears that the main causes of complaint involve the minimum annual demand charges in Schedule P-3 for three-phase electric motors of one to five horsepower capacity and the past and present extension rule of the Company with respect to the basis on which electric line extensions have been and are made.

Complaint in connection with the minimum annual demand charges is the result of a rate approved by the Commission about a year ago that requires three-phase service to be paid for on the basis of a connected load of not less than five horsepower. Under the Company's previous rates and rules, consumers, whose three-phase motors, aggregating five horsepower or more, could be served from a single transformer installation, were each charged on the basis of not less than three horsepower, while a single consumer, whose three-phase service required an independent transformer installation, was charged for not less than five horsepower of connected load. While the present rate was designed to eliminate this discrimination, it is apparent that a hardship on consumers of this class has resulted and that the rate should be modified. It seems reasonable, in view of this Company's past policy in regard to three-phase service, to reduce the minimum billing to a three-horsepower basis.

Complaint was also made regarding the advance payments required under certain conditions in connection with the construction of line extensions to serve new consumers. Prior to 1920, this Company had in effect a rule for the making of extensions which involved calculations and assumptions of operating

expenses, depreciation, return upon investment, etc., that were beyond the full understanding of the average user of electricity. The complaints received were the natural result of such misunderstandings rather than of any deliberate misapplication of the rule or discrimination on the part of the Company. For approximately a year San Joaquin Light and Power Corporation has had in effect a far simpler rule for the making of extensions, which has resulted in a reduction of the number of complaints.

Representatives of the Farm Bureau and of the Western States Gas and Electric Company have agreed on the adoption of such a rule and it seems that this action will do much to better conditions in the future.

The filing of a revised extension rule, the revision of contract forms to conform to the change and the making of adjustments in deposits now held, involve many details that may be adjusted more readily by informal procedure than by formal order. In view of the Company's ready agreement to such changes as have been suggested, the order following this decision will not specifically cover these matters, but the Commission will reserve the right to reopen the proceeding for further action if satisfactory adjustments are not made.

I recommend the following order:

#### O R D E R

The Railroad Commission, having on its own motion instituted an investigation into the electric rates of Western States Gas & Electric Company in its Stockton Division, applying to electricity sold for agricultural purposes, and into the rules, regulations and practices followed in connection with the sale of electricity to agricultural consumers in said Stockton Division, public hearings having been held, the matter being submitted and

now ready for decision.

The Railroad Commission hereby finds as a fact that the electric rates applying to the electric service of Western States Gas and Electric Company in its Stockton Division are unjust and unreasonable insofar as they differ from the rates prescribed herein.

Basing its Order on the foregoing finding of fact and the findings of fact in the Opinion preceding this Order

IT IS HEREBY ORDERED that:

1. Western States Gas and Electric Company shall charge and collect for agricultural electric service rendered in its Stockton Division, in accordance with Schedule P-3, as set forth in Decision No. 13332 (24 C.R.C. 677) and Decision No. 13453 (24 C.R.C. 806) modified in the following particulars:

a. In Rate "A" of Schedule P-3 the words

"In no case will the total annual demand charge be less than \$13.20 for single phase service, nor less than \$30.00 for three phase service"

as appearing in Decision No. 13453, shall be amended to read:

"In no case will the total annual demand charge be less than \$13.20 for single phase service nor less than \$19.80 for three phase service."

b. In Rate "B" of Schedule P-3 the words

"In no case will the total minimum charge be less than \$27.00 per year for single phase service nor less than \$40.00 per year for three phase service"

now appearing in Decision No. 13453, shall be amended to read:

"In no case will the total minimum charge be less than \$27.00 per year."

Such changes to become effective with bills for the first installment of the demand charge under said Schedule P-3 for the year 1925.

2. Western States Gas and Electric Company file with the Commission on or before May 1, 1925, electric schedule P-3 modified as herein ordered.

3. The Railroad Commission hereby reserves the right to re-open this proceeding in the event that other adjustments referred to in the Opinion preceding this Order are not made in a manner satisfactory to the Commission.

4. For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

The Foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 20<sup>th</sup> day of April, 1925.

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*C. C. Leary*  
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*George D. Squires*  
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*Emmerson*  
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COMMISSIONERS.