

Decision No. 17303.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

James A. Gunn, Jr., and Lake
County Water and Power Company,
a corporation,

Complainants,

vs.

Pacific Gas and Electric Company,
a corporation, and California
Telephone and Light Company, a
corporation,

Defendants.

ORIGINAL

Case No. 2,219.

BY THE COMMISSION:

O P I N I O N

The complainants in this case pray for an order of the Commission establishing a rate of not higher than one cent per kilowatt hour to be charged complainants by defendants from and after September 13, 1923. Since this case is the continuance of an informal complaint of the same nature, it is pertinent to give a brief history of the informal complaint and certain other related matters.

Considerable informal complaint has been made from time to time to this Commission concerning the electric service and dangerous condition of electrical system formerly owned by James A. Gunn, Jr., and now conducted by Lake County Water and Power Company, a corporation, which has succeeded to all of Gunn's rights and interest in such properties. This company operates in Lake County, principally in and around Kelseyville and has a hydro-electric

generating plant approximately nine miles south of Kelseyville. This at the present time is not being operated and energy is purchased from the California Telephone and Light Company by a transformer interconnection between the lines of both properties at Kelseyville where the California Telephone and Light Company is also serving.

During the early part of 1922, the Engineering Department of the Commission made an investigation of the service and physical condition of the property of James A. Gunn, Jr. and as a result of its findings suggested that he secure standby service from the California Telephone and Light Company in order to provide more continuous service for there were numerous interruptions to service as a result of flume trouble, line failures and lack of water during certain periods of the year. This interconnection was installed about September 1, 1922 and a special rate was worked out by the Commission for this standby service. Approximately a year later, at the request of Mr. Gunn, the California Telephone and Light Company installed additional standby capacity. The Commission's Engineering Department on learning that Mr. Gunn was purchasing considerable energy from the California Telephone and Light Company made an investigation of the rates and advised Mr. Gunn that if any considerable quantity of energy was to be purchased it would be more advantageous to do so under the standard schedule P-1 of the California Telephone and Light Company rather than under the special rate heretofore mentioned.

On March 26, 1925, file number I.C. 31833, Mr. Gunn wrote to the Commission protesting that the rate charged by the California Telephone Light and Power Company was too high. Subsequently, at the suggestion of the Commission, the California Telephone and Light Company computed Mr. Gunn's bills for energy under the standard power schedule P-1 and in September 1925 made an adjustment back

to April 1, 1924, the effective date of the schedule. As this adjustment was not satisfactory to Mr. Gunn, he filed the present formal complaint on February 24, 1926.

A public hearing was held on this matter before Examiner Austin in San Francisco on April 30th and May 1st, 1926, and the case having been duly submitted, is now ready for decision.

It appears that complainants in this proceeding joined Pacific Gas and Electric Company with California Telephone and Light Company as a defendant, alleging that Pacific Gas and Electric Company owned the electric property and business of California Telephone and Light Company and has waged competitive war against complainants. Counsel for Pacific Gas and Electric Company moved that the complaint be dismissed as to Pacific Gas and Electric Company for the reason that it is not engaged in supplying electric energy in Lake County as a public utility and does not now nor has it at any time supplied the complainants with electric energy.

The evidence shows that Pacific Gas and Electric Company owns a majority of the issued capital stock of California Telephone and Light Company but it is not operating the system of the latter company. The California Telephone and Light Company operates its system, keeps separate corporate accounts, and files separate reports with the Commission. The Pacific Gas and Electric Company does not now and never did supply the defendants with electric energy. It is clear that Pacific Gas and Electric Company is not a proper party defendant to this proceeding and that the complaint should be dismissed as to it. This leaves the California Telephone and Light Company as the sole defendant in the proceeding.

The record shows that California Telephone and Light Company sells energy to James A. Gunn, Jr., now succeeded by Lake County Water and Power Company although the account is still carried under the name of James A. Gunn, Jr. The energy sold to

defendants is purchased by California Telephone and Light Company from Snow Mountain Water and Power Company at approximately 60,000 volts at Hopland substation. Here it is transformed to 11,000 volts and transmitted approximately 27 miles to Kelseyville where it is again stepped down, this time to 2,300 volts, the delivery voltage required by complainants. The rate paid by California Telephone and Light Company to Snow Mountain Water and Power Company is one cent per kilowatt hour measured at the high potential side of the transformers. To this, must be added, proportionately, in order to arrive at the cost of energy delivered at Kelseyville, maintenance expense, operating expense, taxes, depreciation and an allowance made for transformation losses at Hopland and Kelseyville and line losses between these points as well as a fair return on the investment in the property necessary for delivery of the energy.

It is apparent that complainants have ignored these essential elements of cost for in making comparisons of the rates charged by other companies, they have not considered transformation or line losses since they cite as examples of more favorable rates, cases where the energy is measured on the high potential side of the transformers, and fail to take into further consideration that in their own case they are purchasing energy from a company which in addition to being required to purchase energy from another company, is also compelled to transform and transmit the energy for a considerable number of miles. Nor have complainants considered the value of load factor or the economic advantages of purchases of large blocks of power since their comparisons relate either to companies having a much better load factor or to companies purchasing considerably larger quantities of power than complainants.

✓ The evidence further shows that for the last nineteen months an average rate of 1.93 cents per kilowatt hour was charged complainants and that the load factor was as low as 6 to 10% for

some months. This it may be noted is a very poor load factor and it is apparent that were a better load factor developed, a lower average rate would result. It is quite evident that the complainant's prayer for a rate of not to exceed one cent per kilowatt hour is unreasonable. The rate paid we find reasonable for the service rendered.

Complainants introduced testimony in support of their claim for reparation and the matter was argued at length. In view of our conclusions respecting the reasonableness of the rates, it is not necessary to consider the subject of reparation. The complaint will be dismissed, and an order will be entered accordingly.

O R D E R

James A. Gunn, Jr. and Lake County Water and Power Company, a corporation, having filed complaint with this Commission against Pacific Gas and Electric Company and California Telephone and Light Company, alleging excessive, unjust and discriminatory rates and having asked this Commission to establish a rate of not higher than one cent per kilowatt hour from and after September 1, 1923, and a regular hearing having been had, and the Commission being fully apprised in the premises,

IT IS HEREBY ORDERED that the complaint be, and the same is hereby dismissed.

September
1926. Dated at San Francisco, California, this 3rd day of

C. L. Seamer

Ernest L. ...

Thos. S. ...

Commissioners.