

ORIGINAL

Decision No. 17838.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of the  
CENTRAL MENDOCINO COUNTY POWER COMPANY  
for an order authorizing the extension  
of its territory under its certificate  
of public convenience and necessity.

Application No. 12,811.

Edward Morris, for Central Mendocino County  
Power Company.

John F. Quinn, for O. L. Notley and D. Newell,  
T. W. Dahlquist, for Peoples California Hydro-  
Electric Corporation.

WHITSELL, COMMISSIONER:

O P I N I O N

In this proceeding, Central Mendocino County Power Company asks the Commission to make its order authorizing applicant to extend its electric service into certain parts of Mendocino and Humboldt Counties, hereinafter described.

The Commission in its Decision No. 13,577, dated May 17, 1924, (Application 8520) issued to Central Mendocino County Power Company a Certificate of Public Convenience and Necessity to exercise the rights and privileges conferred by Ordinance 215 of the Board of Supervisors of the County of Mendocino, adopted March 11, 1924. The Certificate issued by the Commission, however, was limited to Townships 17, 18 North, in Ranges 13 and 14 West, M.D.E. & M. and to the construction, operation and maintenance of an electrical transmission line from said territory to the Snow Mountain Water and Power Company's plant in Potter Valley.

Applicant has no franchise in Humboldt County, but will apply for such franchise if the Commission takes favorable action on this application.

A public hearing was held in the present matter at Willits, Mendocino County, on June 30, 1926, at which time applicant filed Exhibits 1 and 2, an amended description and map, respectively of the territory in which applicant desires to extend its service.

The territory which is described in Applicant's exhibits may be described roughly as that bounded on the south by a line approximately nine miles south of the town of Willits, in Mendocino County, extending from the Pacific Ocean to Lake County, on the west by the Pacific Ocean, on the north by a line approximately four miles north of the town of Garberville in Humboldt County extending from the Pacific Ocean to Trinity County and on the east practically by the west lines of Trinity, Tehama, Glenn and Lake Counties.

John F. Quinn, representing O. L. Kotley and D. Newell, protested the granting of the application insofar as the territory north of the Humboldt-Mendocino County line is concerned, on the ground that his clients would be in a better position to serve this part of the territory, they already having made plans to install a hydro-electric plant some three or four miles southeast of the town of Garberville. Protestant being given ten days' time to file further data, the matter was submitted.

On July 15, 1926, Oscar L. Kotley petitioned the Commission for a Certificate of Public Convenience and Necessity authorizing him to supply electric energy to certain territory in Humboldt County. This petition, which was given Application No. 13,033, being in conflict with the application of Central Mendocino County Power Company, insofar as the territory north of the Humboldt-Mendocino County line is concerned, the Commission, under date of September 10, 1926, set aside the above mentioned order of submission entered in Application No. 12,211 and ordered that same be consolidated with Application No. 13,033 and set down for further hearing. Applicant, in this latter proceeding, having subsequently

requested the Commission to dismiss his application, the Commission by Decision No. 17,492, dated October 16, 1926, ordered that Application No. 13,033 be dismissed.

Peoples California Hydro-Electric Corporation having, on October 15, 1926, filed a formal protest in opposition to the granting of Application No. 12,811, and having asked for an opportunity to be heard, hearing was resumed in the matter at Willits, October 19, 1926.

It appears that Peoples California Hydro-Electric Corporation has acquired the electric system and properties formerly owned by Mendocino Electric Light and Power Company under authority of Decision No. 17,393, of the Railroad Commission, dated September 25, 1926, and has secured by Decision No. 19,448, dated October 13, 1926, permission from the Commission to acquire the electric system and properties of Fort Bragg Electric Company and that the territory in which Peoples California Hydro-Electric Corporation now serve and contemplate serving is included in the area described in Applicant's Exhibits 1 and 2. It also appears that Point Arena Electric Light Company serves electric energy in the town of Covelo and to a limited extent in the territory immediately adjacent thereto.

Applicant, through its witness, Mr. Edward Morris, testified that it did not desire to extend its facilities in competition with any other utility in the territory, thus in effect modifying its application. It, therefore, appears that the territory which applicant desires to serve is not now, nor is there any immediate prospect of such territory, being served by any other electric utility.

The largest portion of the territory in question is extremely mountainous, the main possibilities of development being around the town of Willits and in that area running northwesterly along the Redwood Highway, some seventy-five miles, to the town of Garberville. Demand for power in this latter area is limited largely to summer re-

sort business, there being but comparatively small acreages suitable for agricultural development along the highway; nor is there any acreage of importance in the entire territory outside of the Willits district capable of agricultural development except that in Round Valley, surrounding the town of Covelo. Mr. Morris testified that only a casual survey had been made of the cost of extending service to Garberville and that no close canvass had been made of the demands for electric service. No cost figures were presented by applicant except an approximate figure of \$2,500.00 per mile which was given by Mr. Morris as the estimated cost of extending transmission facilities from the town of Willits to the town of Garberville, a line distance estimated by Mr. Morris to be approximately fifty-five miles. Nor did applicant present any estimate of revenue to be obtained from prospective consumers.

Extension of electric facilities into any unserved territory, when service can be supplied at reasonable rates, is desirable and may be regarded as a public convenience and necessity. In the present instance it is clear that service to that territory which applicant proposes to serve from the proposed transmission line, must necessarily be rendered at less than cost, if the rates are not to be prohibitive. To render service under such conditions would mean that present consumers must pay higher rates, in effect subsidizing the costly extension or that a considerable financial loss would have to be borne by the utility for a number of years. Such financial loss might so impair applicant's financial standing that it would be unable to secure funds for future development in the area now being served, and might also result in inability to properly operate and maintain its present system. The Commission cannot subscribe to any policy which furthers an ambitious extension program to the detriment of existing or prospective consumers in the area now served. At such time as showing is made that the territory in question can be served, either

wholly or in part, by this or by any other utility, without burden to the areas then served, the Commission should look with favor upon the necessary extension. I believe, however, that applicant should at this time be authorized to extend its existing distribution facilities only within the limits of good distribution practice. Such extensions made in the normal manner will not impose any burdens on the Company or its consumers. The present certificate does not permit this utility to serve as much territory as it can within the limits of good distribution practice. Authorization for extension of its service in Township 19, North, in Ranges 12, 13 and 14 West and Townships 17 and 18 North, in Range 12 West, M.D.E. & M. of Mendocino County will give applicant sufficient territory in which to fully expand its distribution system.

I, therefore, recommend the following form of Order:

O R D E R

Central Mendocino County Power Company having requested the Railroad Commission for an order authorizing the extension of its territory under its Certificate of Public Convenience and Necessity, public hearings having been held in this proceeding, the matter being submitted, and now ready for decision:

The Railroad Commission hereby declares that public convenience and necessity require the amendment and modification of the Commission's Order of May 17, 1924, Decision No. 13,577, granting a certificate of public convenience and necessity to Central Mendocino County Power Company; and

IT IS HEREBY ORDERED, that the Certificate of Public Convenience and necessity granted to Central Mendocino County Power Company by the Commission in its Decision No. 13,577, dated May 17, 1924, be and the same is hereby amended and modified to permit the exercise by Central Mendocino County Power Company of those rights

and privileges granted under Ordinance No. 215 of the County of Mendocino within Townships 17, 18 and 19 North, Range 14 West, Townships 17, 18 and 19 North, Range 13 West, Townships 17, 18 and 19 North, Range 12 West, all M.D.B.&M. and to the operation and maintenance of the electrical transmission line from said territory to the Snow Mountain Water and Power Company's plant in Potter Valley.

IT IS HEREBY FURTHER ORDERED that the application of Central Mendocino County Power Company, insofar as extending its electric facilities in the remaining territory prayed for, be and the same is hereby denied without prejudice.

The effective date of this order shall be twenty (20) days from 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 5<sup>th</sup> day of

January, 1927.

Robert A. Brundage  
Charles J. ...  
Francis J. ...  
Leon Whitell  
Thos. R. ...

Commissioners.