

ORIGINAL

Decision No. 18056.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

<p>In the matter of the investigation on  the Commission's own motion of the  reasonableness of the rates, service,  rules, regulations and practices of  PEOPLES CALIFORNIA HYDRO-ELECTRIC  CORPORATION.</p>	)
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Case No. 2288.

D. W. Dahlquist for Peoples California  
Hydro-Electric Corporation.  
Henry Sheper for Consumers.  
L. D. Mooney for Albert Larson, a consumer.  
Leonard Stone, City Attorney, for City of  
Fort Bragg.

BY THE COMMISSION:

O P I N I O N

This is a proceeding instituted by the Commission on its own motion for the purpose of making an investigation of the rates, charges, practices, rules and regulations of Peoples California Hydro-Electric Corporation, applicable to its electric light and power business in Mendocino County.

Under the authority of Decision No. 17393, dated September 25, 1926, the business and properties of Mendocino Electric Light & Power Company were transferred to Peoples California Hydro-Electric Corporation, and later, under the authority of Decision No. 17448, dated October 13, 1926, Peoples California Hydro-Electric Corporation acquired the business and properties of Fort Bragg

Electric Company. On November 15, 1926, it began the operation of the two properties as a unified system.

At the present time Peoples California Hydro-Electric Corporation distributes electric energy within Mendocino County in the City of Fort Bragg and the towns of Mendocino, Caspar, Little River and Albion and in the adjacent and intervening territory. A total of approximately fifteen hundred (1500) consumers are supplied with lighting and power service.

Electric energy is purchased from Union Lumber Company and distributed by means of some thirty (30) miles of distribution pole lines.

The rates now being charged on the portion of the system which was formerly operated by Mendocino Electric Light & Power Company have been in effect without change for over ten years. The rates charged on the balance of the system are those placed in effect in the year 1922, when metered service was first established by Fort Bragg Electric Company.

Public hearings in the present proceeding were held before Examiner Fankhauser on December 6, 1926, and February 11, 1927, testimony being introduced and the matter submitted for decision.

Mr. C. T. Mess of the Commission's Engineer Department submitted and explained exhibits dealing with valuation of physical properties, reasonable rate base for the year 1927, estimates of revenue and expenses for the year 1927, reasonable rate of return and proposed rates to yield such rate of return.

No evidence as to the proper rate base, revenues or operating expenses was submitted by either Peoples California Hydro-Electric Corporation or the City of Fort Bragg, represented by its City Attorney Leonard Stone, or by anyone else, other than

C. T. Mess.

The evidence before the Commission shows the reasonable rate base for the year 1927 to be One Hundred Sixty-Two Thousand Dollars (\$162,000.00), details of which are set forth below:

ESTIMATED RATE BASE 1927  
PEOPLES CALIFORNIA HYDRO-ELECTRIC CORP.

Intangible Capital	\$5,050.00
Production Capital	50,550.00
Distribution Capital	99,900.00
General and Miscellaneous	<u>1,500.00</u>
Fixed Capital as of Dec. 31, 1927 (Est.)	\$157,000.00
"    "    "    "    Dec. 31, 1926.	147,200.00
Average Fixed Capital Year 1927	\$152,100.00
Working Capital	<u>11,000.00</u>
	\$163,100.00
Consumers' Advances	<u>1,100.00</u>
RATE BASE	<u><u>\$162,000.00</u></u>

Annual revenue from existing rates, if continued, will for the year 1927 approximate Sixty-Five Thousand Dollars (\$65,000.00), segregated as follows:

ESTIMATED REVENUES 1927  
PEOPLES CALIFORNIA HYDRO-ELECTRIC CORP.

Lighting	\$55,300.00
Power	6,500.00
Street Lighting	<u>3,200.00</u>
Total	\$65,000.00

Reasonable operating expenses, including taxes and depreciation annuity, are estimated at Fifty Thousand Dollars (\$50,000.00), as shown in the following tabulation:

ESTIMATED OPERATING EXPENSES 1927  
PEOPLES CALIFORNIA HYDRO-ELECTRIC CORPORATION

<u>OPERATION</u>		
Superintendence	\$3,000.00	
Purchasing Power	19,560.00	
Office Rent, Supplies, Etc.	1,140.00	
Salaries of Local Employees	4,800.00	
General Office Expense	1,200.00	
Law Expenses	600.00	
Insurance	385.00	
Relief & Welfare	900.00	
Bad Debts	300.00	
Meter Installations	720.00	
Distribution Labor	1,200.00	
Transportation	700.00	
	\$34,505.00	
<u>MAINTENANCE</u>		
Poles, etc.	2,436.00	
Overhead Conductors, etc.	1,920.00	
Transformers	240.00	
Meters	84.00	
Services	480.00	
Transportation	1,200.00	
	\$6,360.00	
Taxes	5,700.00	
Depreciation	3,435.00	
	\$50,000.00	
TOTAL EXPENSE		\$50,000.00.

Consideration of the above estimates of revenue and expenses indicates a net revenue of Fifteen Thousand Dollars (\$15,000.00), or a return of 9.25 per cent upon the reasonable rate base. The rates prescribed by the order following will yield about eight and a half (8-1/2) per cent. The operating expenses, however, include no allowance for the purchase of oil under the company's power contract or for extraordinary maintenance.

Counsel for the Company stipulated that his company was willing to put the rates proposed by C. T. Mess in effect and that if such rates result in revenues that the company feels under all the circumstances can be reduced, it is their intention to reduce

them. The City Attorney for Fort Bragg raised no objection to placing the proposed rates into effect, but requested that the rates be regarded as tentative and that this proceeding be kept open, and that the Commission after a definite period, say, a year, review the results produced by the rates put into effect by the Commission's order. We have considered the request of the City Attorney but feel that in view of our procedure in matters of this kind there is no necessity to keep this proceeding open.

A general analysis of the existing rates indicates the necessity of standardizing the schedules with due recognition to special classes of service. Such standardization is of particular importance in the present instance as two former systems with differing rate schedules are now operating as a single system. To continue in effect differing rates for the same class of service is discriminatory. The rates proposed by C. T. Mess remove the discrimination and such rates, with a slight modification, will be placed in effect.

#### ORDER

The Railroad Commission having instituted a proceeding on its own motion to make a complete investigation of the rates, service, rules, regulations and practices of Peoples California Hydro-Electric Corporation in Mendocino County, hearings having been held, the matter submitted and now being ready for decision;

The Railroad Commission hereby finds as a fact that the electric rates of Peoples California Hydro-Electric Corporation are not just and reasonable rates in so far as they differ from the rates herein established, which rates are found to be just

and reasonable.

Basing this order on the foregoing findings of fact and the findings of fact contained in the opinion which precedes this order

IT IS HEREBY ORDERED that

1. Peoples California Hydro-Electric Corporation be and it is hereby authorized to charge and collect for electric service rendered, effective for all regular meter readings taken on and after March 20, 1927, the schedule of rates as set forth in Exhibit "A", said exhibit being attached hereto and made a part hereof.

2. Peoples California Hydro-Electric Corporation shall file with the Railroad Commission on or before March 25, 1927, the schedule of rates herein established.

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

Dated at San Francisco, California, this 14th day of March, 1927.

James W. East  
W. B. Brundage  
C. S. Seaver  
Leon C. Russell  
Thomas R. Curtis  
Commissioners.

EXHIBIT "A"

SCHEDULE L-1.

(Cancels Schedule L-1, Fort Bragg Electric Company)

GENERAL LIGHTING SERVICE:

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

TERRITORY:

Applicable within the corporate city limits of Ft. Bragg and adjacent territory supplied by means of 2300 V. distribution circuits.

RATE:

First	30	K.W.H.	per	meter	per	month	10¢	per	K.W.H.
Next	170	"	"	"	"	"	07¢	"	"
Next	300	"	"	"	"	"	05¢	"	"
All over	500	"	"	"	"	"	04¢	"	"

Minimum charge:

\$1.25 per meter per month.

SPECIAL CONDITIONS:

Single phase motors of an aggregate capacity of 3 H.P. or less may receive service under, or will 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 set forth above.

SCHEDULE L-2.

(Cancels Schedule L-1, Fort Bragg Electric Company and Schedule No. 1, Mendocino Electric Light & Power Co.)

GENERAL LIGHTING SERVICE:

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

TERRITORY:

Applicable to all territory except within the corporate city limits of Ft. Bragg and adjacent territory supplied by means of 2300 V. distribution circuits.

RATE:

First	30	K.W.H.	per	meter	per	month	11¢	per	K.W.H.
Next	170	"	"	"	"	"	08¢	"	"
Next	300	"	"	"	"	"	05¢	"	"
All over	300	"	"	"	"	"	04¢	"	"

Minimum charge:

\$1.25 per meter per month.

SCHEDULE L-2 (Cont'd)SPECIAL CONDITIONS:

Single phase motors of an aggregate capacity of 3 H.P. or less may receive service under, or will 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 set forth above.

SCHEDULE L-3.LUMBER MILL LIGHTING SERVICE:

Applicable to lumber mill lighting service, including single phase motors of not to exceed 3 H.P. total capacity.

TERRITORY:

Applicable to entire territory served.

RATE:

First	300 K.W.H. per meter per month	06¢	per K.W.H.
Next	700 " " " " "	05¢	" "
All over	1000 " " " " "	04¢	" "

Minimum charge:

\$1.25 per meter per month.

SPECIAL CONDITIONS:

Single phase motors of an aggregate capacity of 3 H.P. or less may receive service under, or will 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 set forth above.



SCHEDULE I-4.

(Cancels Schedule I-1, Fort Bragg Electric Company)

STREET LIGHTING SERVICE:

Applicable to service to street, highway and other public outdoor lighting installations with bracket mast arm or center suspension construction and supplied from overhead lines where the Company owns and maintains the entire equipment.

TERRITORY:

Applicable to entire territory served by the Company.

RATE:

Series Lamps	Lamp Rating	Monthly Charge
		Per Lamp
	80 C.P.	\$1.50
	100 C.P.	\$1.75
	250 C.P.	\$3.50
	400 C.P.	\$4.00

Multiple Lamps	Lamp Rating	Monthly Charge	
		Present Equipment	Standard Equipment
	15 Watts	\$1.00	-
	25 "	1.25	-
	40 "	1.50	\$1.75
	60 "	1.75	2.00
	100 "	2.25	2.75
	150 "	2.75	3.10
	200 "	3.25	3.60
	300 "	3.75	4.30

SPECIAL CONDITIONS:

(a) All night service, equivalent to 4,000 hours per year, will be furnished under this schedule.

(b) Under the above Schedule the Company bears the installation, maintenance and operating expenses and provides all necessary lamp removals.

(c) Standard equipment for multiple circuits includes iron brackets, radial wave reflectors, etc. Rates for present multiple equipment to apply only until standard equipment is installed.

(d) Series lighting service will not be supplied for circuits of less than ten (10) lamps.

SCHEDULE C-1.

GENERAL HEATING AND COOKING SERVICE:

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

TERRITORY:

Applicable to entire territory served.

RATE:

First	150 K.W.H.	per meter	per month	5¢	per K.W.H.
All over	150	"	"	3¢	"

Minimum Charge:

First 5 K.W. or less of heating or cooking capacity	\$3.00 per month
All over 5 K.W. of heating or cooking capacity	.50 per K.W. per mo.

SPECIAL CONDITIONS:

(a) Connected load will be taken as the name plate rating of heating and cooking appliances permanently installed and which may be connected at any one time computed to the nearest one tenth of a K.W.

(b) Single phase motors aggregating 3 H.P. or less may be combined with heating and cooking service under this schedule, in which case each H.P. of motor load will be considered as one K.W. in determining the minimum charge.

SCHEDULE C-2.  
(Cancels P-1, Fort Bragg Electric Company.)

DOMESTIC COMBINATION SERVICE:

Applicable to general domestic lighting in combination with heating and cooking service.

TERRITORY:

Applicable to entire territory served.

RATE:

First	30 K.W.H. per meter per month	at	genl. lighting sched.
Next	120 " " " " "	5¢	per K.W.H.
All over	150 " " " " "	3¢	" "

Minimum charge:

First 5 K.W. or less of heating and cooking capacity	\$3.00 per mo.
All over 5 K.W. of heating and cooking capacity	.50 per K.W. per mo.

SPECIAL CONDITIONS:

(a) Service under this Schedule will be supplied only where applicant permanently installs cooking and heating appliances (other than lamp socket devices) of at least 2 K.W. capacity.

(b) 110-220 Volt, 3 wire service will normally be supplied.

(c) Minimum charge will be based on the total load which may be connected at any one time.

(d) Connected load will be taken as the name plate rating of the installed heating and cooking appliances computed at the nearest 1/10 of a K.W.

(e) Single phase motors may be combined with heating and cooking service under this Schedule in which case each H.P. of motor load will be considered as 1 K.W. in determining the minimum charge.

SCHEDULE P-1.  
(Cancels Schedule P-1 of Fort Bragg Electric Company)

GENERAL POWER SERVICE:

Applicable to General power service.

TERRITORY:

Applicable to entire territory served.

RATE:

First	100 K.W.H. per month	5¢	per K.W.H.
Next	200 " " "	4¢	" "
Next	700 " " "	3¢	" "
All over	1000 " " "	2¢	" "

Minimum charge:

\$1.00 per H.P. of connected load per month but not less than \$3.00 per month.

SCHEDULE P-1 (Cont'd)SPECIAL CONDITIONS:

(a) Voltage: Service under this Schedule will be rendered at standard voltages.

(b) Rectifier battery chargers and moving picture projectors may obtain service under this Schedule. For the purpose of determining rates and minimum charges each K.W. of such appliances will be taken as 1 H.P. of connected load.