

Decision No. 21341

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation upon)
the Commission's own motion into the)
reasonableness of the rates, charges,) Case No. 2684.
classifications, contracts, etc., or)
any of them, of Vallejo Electric Light)
and Power Company.)

Athearn, Chandler & Farmer and Frank R. Devlin,
by Frank R. Devlin, for Respondents.

CARR, COMMISSIONER:

O P I N I O N

This is a proceeding on the Commission's own motion respecting the rates of Vallejo Electric Light & Power Company, a resale utility serving the City of Vallejo and vicinity. Public hearings were held on May 28, June 27 and July 2, 1929. The matter is now under submission.

This Company has enjoyed an extraordinarily favorable earning position for many years. According to the testimony of engineers of the Commission, on a liberally estimated rate base, it earned a return of slightly over 15% in 1927 and in 1928, and will earn a like return in 1929. The Company admits that its rates are too high and should be reduced, but calls attention particularly to the uncertainty as to the volume of its business due to the varying activities of the Mare Island Navy Yard and also to the possibility of the resale rates of the Pacific Gas & Electric Company being increased, both of which considerations are given such weight as seems proper.

Rate base figures were testified to by Charles Grunsky of the Commission's staff and by Colonel F. Emerson Hoar on behalf of the Company. The figures on tangible property are not far apart.

Reproduction new value and historical cost approach each other closely.

It is suggested by the Company that miscellaneous jobbing and merchandising revenue should not be considered as operating income. It has always been the practice of the Commission in rate proceedings to consider this as part of the operating revenue. The same quarters and the same employes are used to carry on this branch of the business; it is a mere incident of the business and is used to attract business; and the expenses of conducting it are largely absorbed in various operating expense accounts. It is neither practicable nor reasonable to set this activity of the utility off by itself.

For the purpose of this proceeding and as a check on the reasonableness of the rates fixed in the order the following set-up for the year 1929 is fully sustained by the record:

| | |
|-------------------------|------------|
| Operating Income | \$290,000. |
| Operating Expense | 196,000. |
| Net for Return | 94,000. |
| Rate Base | 620,000. |

W. C. Fankhauser, Financial Expert of the Commission, whose qualifications were stipulated to, testified that a company in the position of this utility could finance on the basis of 6.25%. The rates authorized in the order should in the future yield a return at the rate of approximately 7% on the reasonable value of the Company's property. A 7% return under the circumstances here disclosed is adequate. Furthermore, this rate of return should tend to increase with the stimulation of use of electricity consequent upon a lower and more reasonable rate level.

As to the character of rates authorized, they follow generally the type of rate in effect in the northern and central portions of the State and to which users of electricity are generally accustomed. They are about 10% under the level of corresponding rates charged by the Pacific Gas & Electric Company

which serves territory surrounding Vallejo. (A rate proceeding respecting the electric rates of this utility is on the Commission's calendar for consideration.)

I recommend the following form of order:

O R D E R

The Railroad Commission having instituted an investigation upon its own motion in the rates, charges, classifications, contracts, etc. of Vallejo Electric Light and Power Company, public hearings having been held and the matter being submitted and ready for decision,

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that the electric rates of Vallejo Electric Light and Power Company now in effect are unjust and unreasonable rates in so far as they differ from the rates hereinafter set forth, which rates are hereby declared to be just and reasonable rates, and

Basing its order upon the foregoing finding of fact and the findings of facts contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Vallejo Electric Light and Power Company be and it is hereby authorized to charge and collect for electric service, effective with bills based on meter readings taken on and after August 1, 1929, the schedule of rates set forth in Exhibit "A", attached hereto and made a part hereof, such rates to be filed with this Commission on or before August 1, 1929.

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

EXHIBIT "A"

SCHEDULE D-1

(Superseding Schedules "A" and "D-b")

DOMESTIC SERVICE:

Available for domestic lighting in combination with heating, cooking or domestic power service (including lamp socket appliances.)

TERRITORY:

Entire territory served.

RATE:

Service Charge: per meter per month 50¢

Energy Charge (to be added to service charge):

First 30 kwh. per month # 4¹/₂¢ per kwh.

Next 140 kwh. per month 3 ¢ per kwh.

All excess kwh. per month 1 ¢ per kwh.

For residences, flats, or individual apartments of more than 6 rooms, 5 kwh. for each additional room will be added to the first block of 30 kwh.

MINIMUM CHARGE:

- (a) Where no major equipment is installed, the minimum charge is the service charge.
- (b) Where major equipment is installed, the minimum charge will be the service charge plus 30¢ per month for each kw. of major equipment in excess of 2 kw.

Note: "Major Equipment" includes any device having capacity in excess of 1 kw.

SPECIAL CONDITIONS:

(a) This schedule applies only to single family dwellings and to separately metered flats and apartments.

(b) Any apartment house or group of apartments may receive service under this schedule through one meter, provided that for this purpose, the first energy block only will be increased and will be made equal to the sum of the first energy blocks separately calculated for the individual apartments included. The rate of 4¹/₂¢ per kwh. will be applied to the kilowatt-hours thus determined in the same manner as if they were the consumption of an individual service separately metered.

(c) Capacity of all equipment will be based on name plate rating, all equipment assumed as operating at 100 per cent power factor, and a rating in horsepower being converted to kilowatts at one to one.

(d) Single phase power service (5 hp. or less) may be combined under this schedule.

SCHEDULE D-1 (Continued)

(e) For the purpose of this schedule the number of rooms will be determined upon the customary real estate basis of rating. The tables following are illustrative of rooms to be counted and not to be counted.

| <u>(a) To be Counted</u> | | <u>Not to be Counted</u> | |
|--------------------------|------------------|----------------------------------|--------------------------------------|
| Ballroom | Library | Alcove | Hallways |
| Billiard Room | Living Room | Attic (unfinished) | Laundry |
| Bedroom | Music Room | Bathroom | Pantry |
| Conservatory | Nursery (b) | Barn (without living quarters) | Piazza |
| Den | Observatory | Breakfast Nook | Porch |
| Dining Room | Office | Butler's Pantry | Portico |
| Drawing Room | Parlor | Cellar | Reception Room (100 sq. ft. or less) |
| Dressing Room | Reception Room | Closet | Sleeping Porch |
| Gymnasium | Servant's Room | Coal Shed | Storage Room |
| Kitchen | Studio (b) | Dressing Closet | Toilet |
| Kitchenette | Serving Room (b) | Garage (without living quarters) | |

(a) Rooms listed are to be counted whether they are wired or not.

(b) Each 200 watts connected load of yard, barn or other outhouse lighting will be counted as one room. Empty lamp sockets will be rated at 50 watts each.

SCHEDULE L 1.

(Superseding Schedule "A")

COMMERCIAL LIGHTING SERVICE:

Applicable to commercial lighting service, including appliances and small power service.

TERRITORY:

Entire territory served.

RATE:

Service Charge per meter per month 50¢

Energy Charge (to be added to Service Charge)

| | | | | |
|-------|--------------------------------|-------|-----|----------|
| First | 200 K.W.H. per meter per month | . . . | .5¢ | per Kwh. |
| Next | 2,800 " " " " " | . . . | .3¢ | " " |
| | All over 3000 " " " " " | . . . | .2¢ | " " |

Minimum Charge: The Service Charge set forth above constitutes the minimum charge for no consumption of energy.

SPECIAL CONDITIONS:

Single phase motors of an aggregate capacity of 5 h.p. or less may receive service or may be combined with general lighting service under this schedule at the option of the consumer, provided, in case of combination service, the total energy is supplied through one meter. The minimum charge applicable to this combination service shall be the same as that set forth above.

SCHEDULE L-2

(Superseding Schedule "F")

STREET AND HIGHWAY LIGHTING:

Applicable to service to street, highway and other public outdoor lighting installations, using 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.

| Series Lamps | <u>Lamp Rating</u> | <u>All Night Service</u> | Monthly Charge per Lamp |
|--------------|--------------------|--------------------------|---|
| | | | <u>Reduction per hour where standard operating schedule is less than full all night service</u> |
| | 60 cp. | \$1.30 | 2¢ |
| | 80 cp. | 1.65 | 3¢ |
| | 100 cp. | 1.82# | 4¢ |
| | 250 cp. | 2.85# | 7¢ |
| | 400 cp. | 3.50# | 10¢ |
| | 600 cp. | 4.17# | 13¢ |
| | 1000 cp. | 5.35# | 19¢ |
| | 1500 cp. | 6.70# | 26¢ |

Includes a refractor. A diffusing globe, special highway reflector, or equivalent special reflector will be supplied on request. A deduction of 12 cents per month will be made for each lamp not equipped with refractor, diffusing globe or special reflector.

SPECIAL CONDITIONS:

(a) For the purpose of calculating rates for less than all-night service, it will be assumed that the average hour of turning off all-night service is 5:30 A.M. and the average hours of nightly service are:

All Night Service (4000 hours per year) 11 hours per night
Midnight Service (2000 hours per year) 5½ hours per night

(b) The foregoing rates apply to installations of ten lamps or more. When service is supplied for less than ten lamps the above rates increased by 10 percent will apply. Such increase in rate will be based upon the total number of lamps in circuit and not upon the number of lamps billed to a separate consumer.

SCHEDULE L-3

(Superceding Schedule "F")

ORNAMENTAL STREET LIGHTING:

TERRITORY:

Applicable to entire territory served.

| RATE (A) | Candle Power | Monthly Charge per Lamp <u>All night Service</u> |
|--|--------------|---|
| Ornamental Standards 1 Lamp to Standard. Owned & maintained by company | <u>250</u> | <u>3.10</u> |
| RATE (B) | | |
| Ornamental Standards 1 Lamp to Standard | 250 | 1.40 |
| Not owned and maintained by company | 400 | 2.00 |
| RATE (C) | | |
| Ornamental Standards Multiple lamps Not owned and maintained by Company | | K.W.H. .03 |

SPECIAL CONDITIONS:

(a) The term "All Night Service" means 4000 burning hours per lamp per year and the average time of turning off is assumed to be 5:30 A.M.

SCHEDULE L-4

(Superceding Schedule "E")

SERVICE TO X-RAY OR SPECIAL APPARATUS:

When X-Ray or Special Apparatus exceeding 2 KW is installed on separate service, in accordance with Rule and Regulation No. 2, the minimum charge will be 50¢ per Kw of connected load. Connected load upon which minimums and charges are based will ordinarily be the kilo-volt ampere rating of the apparatus, but at the Company's option may be determined by test.

SCHEDULE "C"

(Superseding Schedule "D")

COOKING AND HEATING SERVICE:

Applicable to heating and cooking service.

TERRITORY:

Applicable to entire territory served.

RATE:

A. Cooking and/or Heating Service:

First 250 KWH per meter per month,.....3.0¢ per K.W.H.
 All over 250 KWH per meter per month,....2.0¢ per K.W.H.

MINIMUM CHARGE:

Rate A: First 10 K.W. or less of Heating
 and Cooking Service,.....\$2.50 per month.
 Over 10 K.W. of Heating and Cook-
 ing Service,..... .50 per K.W.per
 month.

SPECIAL CONDITIONS:

(a) Service will normally be 110 - 220 volts, three wire, alternating current.

(b) Minimum charges are based on the total active connected load of heating and cooking capacity which may be connected at any one time.

(c) Commercial installations will qualify for, and receive service under this schedule, provided that heating and cooking apparatus (other than lamp socket devices) of at least 2 K.W. capacity are permanently installed and used.

SCHEDULE P-1

(Superseding Schedule "C")

GENERAL POWER SERVICE:

Applicable to general commercial and industrial power service and to commercial heating and cooking service and rectifier service. Alternating current service will be supplied at any standard voltage from 110 to 2200 volts in accordance with Rule and Regulation No. 2 (b).

TERRITORY:

Entire territory served.

RATE:A. C. SERVICE.

Rate per Kwh. for Monthly Consumption of

| <u>Hp. of Connected Load</u> | <u>First 50 Kwh. per hp.</u> | <u>Next 50 Kwh. per hp.</u> | <u>Next 150 Kwh. per hp.</u> | <u>All over 250 Kwh. per hp.</u> |
|----------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|--|
| 2 - 9 HP | 3.8¢ | 2.0¢ | 1.2¢ | .9¢ |
| 10 - 24 " | 3.4¢ | 1.9 | 1.1 | .9 |
| 25 - 49 " | 2.9 | 1.8 | 1.0 | .8 |
| 50 - 99 " | 2.5 | 1.6 | 1.0 | .75 |
| 100 HP and over | 2.2 | 1.4 | 1.0 | .7 |

Minimum Charge:

Fifty (50) cents per hp. per month, but in no case less than \$1.00 per month for single phase service nor less than \$2.50 for polyphase service.

SPECIAL CONDITIONS:

(a) This schedule of rates will apply to service rendered at any standard voltage in accordance with the Rules and Regulations of the Company. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the Company.

(b) When the installation consists of two or more motors, rates and minimum charges may, at the option of the consumer, be based upon maximum demand instead of connected load, such maximum demand to be determined in accordance with either of the following bases:

1. Load Limiting Device: Consumer may contract for a certain predetermined maximum demand of not less than fifteen (15) horsepower and the Company will, at the consumer's expense install and maintain a suitable load limiting device which will prevent the use of connected capacity in excess of the predetermined amount.

2. Measured Maximum Demand: In which case the horsepower of demand on which the rates and minimum charges will be based will not be less than forty (40) per cent of the connected load, and the minimum charge will not be less than \$50.00 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent) indicated or recorded by instruments to be supplied by the Company in the fifteen minute interval in which the consumption

SCHEDULE P-1 (Cont.)

of electric energy is more than in any other fifteen minute interval in the month for installation of less than 750 HP. and a thirty (30) minute interval for larger size installation or at the option of the Company the maximum demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the Company may base the consumer's maximum demand upon a five minute interval instead of a fifteen or thirty minute interval.

Demand for installations in excess of 750 hp. of connected load occurring between the hours of 10:30 P.M. and 6:30 A.M. of the following day and on Sundays and legal holidays will not be considered in computing charges under this schedule.

Note: In no case will rates and minimum charges determined in accordance with (b)1 or (b)2 above, be based upon a connected load of less than the rated capacity of the largest motor installed.

(c) Optional Rate for Larger Installations: Any consumer may obtain the rates and conditions of service for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(d) Rectifier, Heating and Cooking Service: 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. Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt, and in no case less than 2 kilowatts. All equipment assumed as operating at 100% power factor.