

Decision No. 22576

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the Matter of the Application of)
THE SOUTHERN SIERRAS POWER COMPANY)
for a revaluation of its properties)
and a revision of its rates.)

Application No. 11743

In the Matter of the Investigation)
on the Commission's own motion into)
the contracts and contract practices)
upon and under the system of THE)
SOUTHERN SIERRAS POWER COMPANY, a)
public utility corporation.)

Case No. 2440

In the Matter of the Investigation)
on the Commission's own motion into)
the rates, charges, classifications,)
contract practices, rules and regu-)
lations of THE SOUTHERN SIERRAS)
POWER COMPANY, a corporation.)

Case No. 2541

Hugh Gordon, Newman Jones, Henry W. Coil and
E. B. Criddle for the applicant.

C. L. McFarland, for Golden State Portland
Cement Company.

L. C. Kelly, for Los Angeles Pressed Brick
Company.

J. J. Deuel and L. S. Wing, for Protestant
California Farm Bureau Federation, Imperial
Valley Irrigation District, City of El
Centro, City of Brawley, City of Imperial,
City of Holtville and City of Calipatria.

Jess Hession, District Attorney, Inyo County,
for Protestants Board of Supervisors of
Inyo County and citizens and residents of
Town of Big Pine, Inyo County, California

Walter S. Clayson, for Protestant City of
Corona.

O. P. Hasley, for Protestant City of Hemet.

C. J. O'Connor for Protestant Marigold Mutual
Water Company and various individuals.

Louis N. Jones for Protestant Vail Company,
520 Metropolitan Building, Los Angeles,
California.

L. W. Stewart and A. B. Shaw, Jr., for Pro-
testants City of Blythe, Blythe Chamber of
Commerce, Palo Verde Irrigation District,
Palo Verde Mutual Water Company and in-
dividual consumers.

J. S. Larew, for Protestant City of El Centro.

J. Stewart Ross and R. B. Whitelaw, for Protestant
Imperial Valley Milk Producers Association.

Frank L. Miller, for Protestant City of Banning.

A. Rohrbacher, for Protestant Nuevo Water Company.

W. I. Wilson, for Protestant City of Brawley.

L. J. Powers, for Protestant City of Calexico.

F. C. Jones, for Protestant Blue Diamond Company.

Frank A. Sinks, for Protestant Yuma Utilities
Company and Yuma Chamber of Commerce.

Geo. W. King, for Protestant Sedco Water Users.

F. C. Lynes, for Protestant Arizona Edison Company.

Thomas F. Armour, for Protestants Lower Colorado
River Ginning Company and Colorado River Land
Company.

Porter J. Preston, for Protestant Bureau of Re-
valuation.

W. H. Jameson, for Corona per se.

LeRoy M. Edwards, for Protestants Southwest Port-
land Cement Company and Trona Corporation.

Chas. L. Childers, for Protestant Imperial Irrigation District, Pacific Portland Cement Company and jointly with Robert Hayes, for City of Holtville.

Robert Hayes, for Protestants Associated Chambers of Commerce of Imperial County, which in turn appears for the Chambers of Commerce of Westmoreland, Niland, Calipatria, Brawley, Imperial, El Centro, Holtville, Seeley, Dixieland, Heber and Calexico, and jointly with Chas. L. Childers, for the City of Holtville.

W. E. Pawson, for Protestant Fruitvale Mutual Water Company.

M. H. Gilliam, for Protestants Fruitvale Mutual Water Company and Fruitvale Center Farm Bureau.

W. H. Postlethwaite, for Protestants Coachella Valley Farm Bureau, Coachella Water District and Associated Chamber of Commerce of Coachella Valley.

H. Wupperman, for City of Yuma, Arizona.

George A. French, City Attorney, for the City of Riverside.

E. John Ericksson, City Attorney of Blythe, for the City of Blythe, Blythe Chamber of Commerce and the Palo Verde Irrigation District.

James E. Barker, for American Trona Corporation.

William H. Westover for the Arizona Edison Company.

D. B. Roberts, City Attorney of Holtville, Associated with Mr. Deuel, Mr. Wing and Mr. Whitelaw, for Protestants.

Eugene Best, City Attorney, for City of Riverside.

WHITPSELL, Commissioner:

O P I N I O N

This Commission, on September 16, 1920, made its Decision No. 8119, in Application No. 5334, setting forth just and reasonable rates to be charged by The Southern Sierras Power Company and Holton Power Company, in their respective territories. On September 25, 1925, The Southern Sierras Power Company (the electric properties of Holton Power Company having been purchased during the interim), filed its application as above entitled, in which it alleges that rates established in Decision No. 8119, and as varied from time to time since, were "non-compensatory, unjust, unreasonable, and confiscatory and less than just and reasonable rates." Applicant asked for a revaluation of all properties owned, leased and operated by it and used and useful in its service to the public and that the Railroad Commission fix a fair value of such properties and establish such rates as would permit a just, fair and sufficient return on the value so fixed. The Commission, on November 8, 1927, instituted upon its own motion, Case No. 2440, being an investigation into the contracts and the contract practices upon and under the system of The Southern Sierras Power Company. On May 17, 1928, the Commission instituted upon its own motion Case No. 2541, being an investigation into the rates,

charges, classifications, contracts, practices, rules and regulations of The Southern Sierras Power Company.

All the above matters have been consolidated. Numerous hearings have been held from time to time during the pendency of the proceedings. Evidence introduced involved inventories and appraisals of physical properties, estimates of intangible capital values, including organization cost, water rights and going concern, estimates of reasonable rate base, estimates of revenues and expenses, including depreciation annuity, taxes, cost of money and rate of return, as well as all related matters.

The consolidated proceeding was taken under submission May 24, 1929, concurrent briefs being filed on August 1, 1929, by California Farm Bureau Federation and the Company. The Commission rendered its decision in this matter on November 4, 1929 (Decision No. 21748) and on December 10, 1929, denied the Company's petition for rehearing (Decision No. 21892.) On January 6, 1930 the Supreme Court of the United States rendered its decision in The United Railways and Electric Company of Baltimore v. Harold E. West, et al., constituting The Public Service Commission of Maryland, 74 L. ed. (Advance Opinions) 148, and held therein that the operating expense of depreciation which should be allowed to a utility in the fixing of rates should be computed on the basis of the present fair value of the depreciable property and should not be computed on the basis of the cost of said property.

This holding was at variance to the practice theretofore followed by this Commission and other regulatory commissions generally throughout the country. In view of this situation and in view of the fact that the Company had filed a bill of complaint in the Federal Court seeking to enjoin the enforcement of the rates fixed by the said Commission order, which bill of complaint in part raised the question of the proper treatment to be given to depreciation, the Commission, on January 17, 1930, rescinded its previous orders of November 4, 1929 and December 10, 1929, above referred to (Decisions No. 21748 and No. 21892) and reopened the entire proceeding under date of February 3, 1930. Two subsequent hearings were held before submission of the matter on May 23, 1930. At these hearings additional evidence was presented on operating revenues and expenses including depreciation and taxes for years 1929 and 1930 and on valuations of the property as of June 30, 1930.

More than four years have elapsed since the Company filed its application for a valuation of its properties and an adjustment of its rates. During this period, as the hearings on the application proceeded, there developed indications that the Company's request was directed not so much toward the establishment of proper rates as toward having the Commission make for it a finding of value useful to it and its affiliated companies

for purposes of financing and other ends. This became particularly obvious after the Company refused to furnish to the Commission the schedule of rates it desired to charge its consumers and then subsequently and voluntarily made reduction after reduction in rates owing to the pressure of competition and other economic and political conditions peculiar to the territory served by the Company. A brief resume of this situation appears pertinent at this point.

At the hearing held in Los Angeles on November 16, 1927 the Company was asked to file with the Commission, among other things, a statement showing the schedule of rates it desired to put into effect in order that the Company's consumers might know the effect that the proposed rates would have on their bills (Tr. p. 1076.) The Company, at the next hearing, May 3, 1928, refused to provide the requested schedule of rates (Tr. p. 1098) and at the same time refused to state whether or not it desired an increase in rates in general or in any of its rates (Tr. pp. 1102, 1106, 1111, 1112, 1113.)

In August, 1928, the Company filed a voluntary reduction in rates amounting to approximately \$175,000. per annum, which was authorized by the Commission in its order dated August 24, 1928 (Dec. No. 20151.) This reduction, generally speaking, applied to all lighting, heating and cooking and agricultural power rates outside of competitive areas, and also applied to industrial power rates in Imperial Valley.

The Commission, under date February 15, 1929 (Dec. No. 20784) authorized a reduction in rates requested by the Company amounting to approximately \$2,000. per annum and applying to special lighting and power service in the Imperial Valley.

In its order dated October 18, 1929 (Dec. No. 21691) the Commission authorized a further reduction in rates requested by the Company to meet rates filed by the Southern California Edison Company and effective in competitive territory. This reduction amounted to approximately \$5,000. per annum.

On May 2, 1930, the Company filed a map depicting a proposed enlargement of its Territory "B" or its so-called territory competitive with the Southern California Edison Company, and asked that such be authorized by the Commission in so far as the application of the more favorable power schedules therein was concerned. This was authorized by the Commission on May 23, 1930 (Dec. No. 22471) and will result, according to the Company, in a reduction of approximately \$24,000. per annum.

The Company, on May 21, 1930, filed a proposed new rate for electrolier lighting service to be applicable in its Territory "B" in order to be on a competitive basis with the Southern California Edison Company in the securing of prospective new business now developing in the City of San Bernardino. This was authorized by the Commission

in its order of June 3, 1930 (Dec. No. 22501.)

All of the above reductions have been made by the Company during the pendency of this proceeding and its history is replete with changes in rate schedules and voluntary reductions in rates because of special conditions or competition in one form or another. The territory served as compared with the territory of other utilities is largely semi-arid, with small and scattered loads and with a scarcity of congested centers and an absence of intensive land development necessitating long transmission lines between loads or group centers and thus resulting in a comparatively heavy cost for transmission and distribution, and a correspondingly high operating cost. Service under these conditions has resulted in relatively high rates, influenced more on what the traffic would bear than upon factors that commonly determine the reasonableness of rates under regulation. As to large portions of its system this Company instead of enjoying a monopoly is subject to severe competition.

In the Owens Valley the Company is in competition with an electric system operated by the City of Los Angeles. In the territory around San Bernardino, Redlands, Riverside and Corona the Company is in competition with the Southern California Edison Company. The Company is also in competition in both San Bernardino and Riverside Counties with natural gas as a fuel for the production of power, and in Imperial County with artificial gas used principally as a fuel for heating and cooking purposes, all of which

has been of comparatively recent development. In addition to such forms of competition, the Company has, from time to time, been compelled to reduce rates to certain large industries which have threatened to use their own means for developing power. The Company is also faced with potential competition in the Imperial Valley, where considerable agitation for the acquisition of a publicly owned electric distribution system has been fostered. These conditions all contribute to placing a limit on the rates of the Company entirely aside from any public regulation. As a matter of fact, because of these various forms of competition and other exigencies, the rates now in effect throughout the Company's system are generally, but with few exceptions, voluntary reductions below those fixed by the Commission. The determination of the schedules of rates to be charged by this Company is largely a matter in which the functions of management must be exercised.

It is significant from the foregoing, all of which is indisputably borne out by the record, that the Company does not desire to charge higher rates, than those now in effect, to its consumers and that the sole purpose of the Company in filing its application was to use the Commission as a means to an end in obtaining a valuation of its associated properties for purposes of financing or other ends. The mere making of appraisals is not a duty or function of this Commission. The finding of value is often a necessary incidental to the more fundamental functions of regulation. But the record in the present case clearly

shows that the finding of the value of this Company's property would be superfluous and unnecessary to a proper disposal of these proceedings, and would serve no useful purpose beneficial to the public.

With but one exception all of the rate adjustments requested by the Company in the course of these proceedings have been granted. The request not yet acted upon is one for an increase in the rates of the Bard territory bordering on the California side of the Colorado River. This territory is sparsely settled and isolated from the territory served in the Imperial Valley, but nevertheless, has been enjoying the same rates. The Company desires to make effective in the Bard territory the same rates as are charged in the City of Yuma, Arizona, just across the Colorado River. Under all circumstances obtaining in this area it appears that the request is reasonable and that the order should authorize the filing of the schedules desired by the Company.

Should the Company desire to make any further adjustment in its rate schedules it may, of course, pursue the usual procedure and request authority from this Commission by application.

As before pointed out, the Company is confronted by difficult economic conditions, and it will undoubtedly be required in the future, as it has been in the past, to

make rate reductions from time to time in order to protect its business. A careful consideration of the record leads to the conclusion that no appropriate action can be taken on Case 2541 other than dismissal, and the order will so provide.

With reference to Case No. 2440, the Company submitted a list showing 188 contracts representing all of its power contracts in California having a life in excess of three years. Although it is required that all such contracts be filed with this Commission, only a few of these contracts have been so filed, and certain of these filed during the pendency of the present proceeding and upon which final action has not been taken. Those contracts not duly filed with this Commission being void, no action with respect to them is necessary. Contracts submitted to the Commission during the course of this proceeding are listed below:

Southwestern Portland Cement Company, dated
March 10, 1927.
Blue Diamond Company, dated June 1, 1927.
Pacific Coast Borax Company, dated June 1, 1927.
Pure Ice Company, two contracts, dated July 1,
1927.
Yuma Farmers' Co-operative Association, dated
July 31, 1927.
American Tin Corporation, dated September 19, 1927.

The contract of the Southwestern Portland Cement Company appears to be reasonable and the same will be approved.

Blue Diamond Company's contract provided that it should continue in effect only until the Commission issued its decision in this proceeding. Such service as is rendered to this consumer in the future will be rendered under the schedules of the Company on file with this Commission.

The two contracts with the Pure Ice Company, each for periods of ten years, involve no special consideration and will, therefore, not be approved for a period in excess of three years. On the other hand, the long-term contracts with Pacific Coast Borax Company, Yuma Farmers' Co-operative Association and American Tin Corporation appear to be justified and should be approved since these enterprises are of a more or less hazardous nature. The order herein will provide accordingly.

I recommend the following form of Order:

O R D E R

The Southern Sierras Power Company having applied to the Railroad Commission for an order fixing just and reasonable rates, investigations on the Commission's own motion having been instituted and consolidated therewith, public hearings having been held, the matter being submitted and now ready for decision,

IT IS HEREBY ORDERED that, effective with bills based on meter readings taken on and after July 1st 1930, 1930, The Southern Sierras Power Company be and it is hereby authorized to charge and collect, in the territory in California bordering the Colorado River, the rates set forth in Exhibit "A" attached to this Order and made a part hereof.

IT IS HEREBY FURTHER ORDERED that that certain contract entered into by and between The Southern Sierras Power Company and Southwestern Portland Cement Company, under date of March 10, 1927, be and the same is hereby approved.

IT IS HEREBY FURTHER ORDERED that those two certain contracts entered into by and between The Southern Sierras Power Company and Pure Ice Company, dated July 1, 1927, be and the same are hereby approved for a period of three (3) years only.

IT IS HEREBY FURTHER ORDERED that that certain contract entered into by and between The Southern Sierras Power Company and Pacific Coast Borax Company, dated June 1, 1927; that certain contract entered into by and between The Southern Sierras Power Company and Yuma Farmers' Co-operative Association, dated July 31, 1927, and that certain contract entered into by and between The Southern Sierras Power Company and American Tin Corporation, dated September 19, 1927, be and the same are hereby approved.

IT IS HEREBY FURTHER ORDERED that Case No. 2541 be and the same is hereby dismissed.

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

25 day of June, 1930.

11.

C. S. Seaver
Leon A. Whitt
W. J. Quinn
Commissioners

EXHIBIT "A"

SCHEDULE L-22

GENERAL LIGHTING SERVICE:

Applicable to general domestic and commercial lighting service.

TERRITORY:

Applicable to territory in the vicinity of and served from the Andrade Substation and the Colorado River Substation, including all of that territory lying east of the sand hills which separate Imperial Valley from the Colorado River drainage area, and lying in Imperial County west and north of the Colorado River.

RATE:

First	15 Kw-hrs. or less per meter per mo.	\$2.00 per Mo.
Next	35 " " " " " " " "	12.5¢ per Kw-hr.
"	50 " " " " " " " "	10.0¢ " "
"	100 " " " " " " " "	9.0¢ " "
"	100 " " " " " " " "	8.0¢ " "
"	200 " " " " " " " "	7.0¢ " "
"	250 " " " " " " " "	6.0¢ " "
"	250 " " " " " " " "	5.5¢ " "
All over 1000	" " " " " " " "	5.0¢ " "

Minimum Charge:

\$2.00 per meter per month.

SCHEDULE L-23SIGN LIGHTING SERVICE:

Applicable to lighting service for electric signs.

TERRITORY:

Applicable to territory in the vicinity of and served from the Andrade Substation and the Colorado River Substation, including all of that territory lying east of the sand hills which separate Imperial Valley from the Colorado River drainage area, and lying in Imperial County west and north of the Colorado River.

RATE:

First	150 Kw-hrs. per meter per month	5.5¢ per Kw-hr.
All over	150 " " " " "	4.0¢ " "

Minimum Charge:

\$2.50 per meter per month.

SPECIAL CONDITIONS:

The above rates are not applicable to any other class of service.

SCHEDULE C-7

GENERAL HEATING AND COOKING AND COMBINATION SERVICE:

Applicable to general domestic and commercial heating, cooking and water heating service and to combination lighting with range or water heater service.

TERRITORY:

Applicable to territory in the vicinity of and served from the Andrade Substation and the Colorado River Substation, including all of that territory lying east of the sand hills which separate Imperial Valley from the Colorado River drainage area, and lying in Imperial County west and north of the Colorado River.

RATE:

- (a) Heating, Cooking and Water Heating Service:
 First 150 Kw-h. per meter per month 5.5¢ per Kw-h.
 All over 150 " " " " " 2.5¢ " "
- (b) Combination Lighting with Range or Water Heater Service (applicable to Residences, Flats or Apartments of eight rooms or less):
 First 30 Kw-h. per meter per month (X)
 Next 120 " " " " " 5.5¢ per Kw-h.
 All over 150 " " " " " 2.5¢ " "

(X) General lighting rate applicable in that territory to apply.

Minimum Charge:

Domestic Service:

\$36.00 per meter per year, cumulative from the September meter reading date of each year payable and cumulated at the rate of \$3.00 per meter per month. For new services commencing before or after the September meter reading date, the minimum charge shall be cumulated from the date of connection to the following September meter reading date.

Commercial Service:

\$4.80 per kilowatt per year of capacity of appliances connected, but not less than \$36.00 per meter per year, cumulative from September meter reading date of each year. The minimum charge is payable and cumulated monthly at the rate of one-twelfth of the total annual charge. For new services commencing before or after the September meter reading date, the minimum charge shall be cumulated from the date of connection to the following September meter reading date.

SCHEDULE C-7 (Cont'd)SPECIAL CONDITIONS:

(a) Rate (b) will apply only where consumers have installed and use electric range and/or water heater of at least 2 kilowatts capacity.

(b) Bathrooms, halls and cellars are not classified as active rooms.

(c) Combination lighting service is not rendered for residences of over eight rooms.

(d) Small single phase motors of an aggregate capacity not exceeding one horsepower may, in the case of domestic heating or combination service, be combined with the heating load with no increase in the minimum charge. For aggregate capacity in excess of one horsepower the monthly minimum charge shall be increased by \$1.00 per horsepower or fraction thereof for such excess. In no case shall the total aggregate capacity of such motors exceed three horsepower.

(e) In the case of commercial heating service small motors of an aggregate capacity not exceeding 40% of the total capacity of the installation may be combined with the commercial service in which case the monthly minimum charge shall be increased at the rate of \$1.00 per horsepower for such motor load.

SCHEDULE P-10STANDBY OR AUXILIARY SERVICE:

Applicable to standby or breakdown service supplied to consumers whose premises are regularly supplied with light or power from a privately owned source of supply; to auxiliary service supplied to consumers who at times take service from another public service company; and to other electric service where the Company must stand ready at all times to supply electricity for light or power, but where the use of electric energy is intermittent.

TERRITORY:

Applicable to the entire territory served.

RATE:

- Schedule P-2 to apply for Industrial Service, except in Imperial County.
- Schedule P-4 to apply for Agricultural Service, except in Imperial County.
- Schedule P-5 to apply for General Service throughout the Blythe District.
- Schedule P-6 to apply for Special Service from Andrade and Yuma Substations.
- Schedule P-31 to apply for General Service in Imperial County, except in vicinity of Andrade and Colorado River Substations.
- Schedule P-33 to apply for General Service in the territory served from the Andrade Substation and the Colorado River Substation.

SPECIAL CONDITIONS:

In case the consumer desires the Company to stand ready to supply the entire connected load of the consumer's plant or an isolated part thereof, then such maximum load will be estimated by the Company, based on tests and other information available. In case the consumer desires the Company to stand ready to supply a number of kilowatts less than the maximum demand of the entire consumer's plant, or an isolated part thereof, as estimated by the Company, then the consumer shall at his own expense furnish and install a suitable circuit breaker enclosed in a steel box equipped with a lock, all to be approved by and under the sole control of the Company and the adjustment and operation of said circuit breaker to be in no way interfered with by the consumer. This circuit breaker shall be set to break the connection with the Company's service in case the consumer's maximum demand shall at any time materially exceed the number of kilowatts which the Company is obliged to stand ready to supply. If said circuit breaker should open, due to excess of consumer's demand above the number of kilowatts agreed on, the Company will renew the connection upon due notice and upon receiving satisfactory assurance that the consumer will reduce his maximum demand to the specified figure.

SCHEDULE P-27INTERMITTENT OR TEMPORARY SERVICE:

Applicable for power service of temporary nature or service required intermittently throughout the year.

TERRITORY:

Applicable in Imperial County.

RATE:(a) Readiness-to-Serve Charge:

\$5.00 per horsepower per year.

(b) Energy Charge:

The energy charges, without the minimum charge, as set forth under Schedule P-30 to apply in Imperial County, except in the territory served from the Andrade Substation and the Colorado River Substation, in which territory the energy charges without the minimum charge, as set forth under Schedule P-33, will apply.

SPECIAL CONDITIONS:

The rate for intermittent or temporary service is the energy rates of the power schedule without the minimum charge but with a service or readiness-to-serve charge of \$5.00 per connected horsepower per year.

This service charge to be paid in five equal monthly installments, beginning with the first month after selecting such basis.

SCHEDULE P-33

GENERAL POWER SERVICE:

Applicable to all general industrial, agricultural and resale power service.

TERRITORY:

Applicable only to the territory served from the Colorado River Substation.

RATE:

(a) For service delivered at 110, 220 or 440 volts

Monthly Consumption per h.p.	Rate per Kw-h. for Connected Loads of				
	2 h.p. to 4 h.p.	5 h.p. to 14 h.p.	15 h.p. to 49 h.p.	50 h.p. to 199 h.p.	200 h.p. and Over
First 50 Kw-h.	6.5¢	5.5¢	4.5¢	4.0¢	3.5¢
Next 100 Kw-h.	5.0	4.0	3.0	2.7	2.5
All over 150 Kw-h.	2.5	2.3	2.2	2.0	1.9

Minimum Charge:

First 10 h.p. per month..... \$1.50 per h.p.
 All over 10 h.p. per month..... 1.25 " "

But in no case shall the minimum be less than \$3.00 per month.

(b) For service delivered at 220 volts or over

Monthly Consumption per h.p.	Rate per Kw-h. for Connected Loads of			
	15 h.p. to 49 h.p.	50 h.p. to 199 h.p.	200 h.p. to 499 h.p.	500 h.p. and Over
First 50 Kw-h.	4.0¢	3.5¢	3.3¢	3.1¢
Next 100 Kw-h.	2.8	2.6	2.4	2.2
Over 150 Kw-h.	2.1	1.9	1.9	1.8

Minimum Charge:

First 20 h.p. per month..... \$1.25 per h.p.
 All over 20 h.p. per month..... 1.00 " "

SCHEDULE P-33 (Cont'd)

SPECIAL CONDITIONS:

(a) The above rates (a) and (b) may be based on horsepower of measured maximum demand instead of horsepower of connected load providing the installation consists of at least two motors and has a total active connected capacity of at least 50 H.P., in which case the horsepower upon which the demand will be based will not be less than 50% of the total active connected load and in no case shall the minimum charge be less than \$50.00 per month.

(b) The maximum demand in any month shall be the average horsepower input (746 watts equivalent) indicated or recorded by instruments to be furnished and installed by the Company upon the consumer's premises, adjacent to watt-hour meter or meters, in the 15-minute interval in which the consumption of electricity is greater than in any other 15-minute interval in the month, 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 3-minute instead of a 15-minute interval.

(c) Option of Rate for Larger Installation: Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum applicable to the larger installation.

(d) Where energy is delivered through direct transformation from primary voltage of 33,000 volts or 15,000 volts, rate (b) as set forth above, will then apply.

(e) For service to cotton gins and mills and other seasonal business, the minimum charge will be as follows:

Rate (a):

First	10 h.p.....	\$18.00	per h.p.	per year
All over	10 h.p.....	15.00	" "	" "

But not less than \$36.00 per year.

Rate (b):

First	20 h.p.....	\$15.00	per h.p.	per year
All over	20 h.p.....	12.00	" "	" "

Minimum charge to be paid in equal monthly installments during the months of October to March, inclusive. Consumers may select, if satisfactory to the Company, other months than those stated herein for payment of minimum charge.