

Decision No. 25325

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation
upon the Commission's own motion
into the electric rates, charges,
classifications, rules, regulations,
practices and contracts of Coast
Counties Gas and Electric Company.

Case No. 3326.

ORIGINAL

Reginald L. Vaughan, for Respondent Coast
Counties Gas and Electric Company.
J. J. Deuel and L. S. Wing, for California
Farm Bureau Federation.
Lester S. Ready, for California Association of
Ice Industries and Pacific States Cold
Storage and Warehousemen's Association.
Walter G. Fitzgerald, for City of Gilroy.

SEAVEY, Commissioner:

O P I N I O N

This is a proceeding upon the Commission's own motion to investigate the electric rates of this utility, issued on August 29, 1932. A hearing was had on September 20, and as a result of the evidence then adduced the Commission issued on that date its order to show cause why interim rates should not be made effective during the pendency of this proceeding. Hearings on this latter order were held on October 4, 6 and 20 and submitted.

Consideration of the record indicates the following conclusions to be warranted for interim rate purposes:

1. A rate base for 1932 should follow that set up by the Commission engineers, adjusted to include the discrepancy in general capital, the deduction of non-operative land, and organization expenses erroneously charged by the Company to discount on capital stock. The claims of the Company for additional overheads applicable to construction and interest during construction

were not justified.

2. The allowance by the Commission engineers for material and supplies and working cash capital are reasonable.

3. From the operating expenses as indicated for the year 1932 there should be deducted approximately one-half of the total set up for management and engineering fees and expenses incidental thereto charged by the Standard Management and Operating Corporation. There is clearly an unnecessary and duplicated overhead management cost here which cannot be allowed.

4. On the basis of the facts developed for 1932, together with the overall operating conditions of this Company, the electric consumers are entitled to a total reduction of approximately \$40,000 per year.

The record indicates a downward trend of revenue for 1932 and the Company claims that a decrease will continue in the near future, which is, it must be admitted, somewhat uncertain. The principal fluctuation of revenue, if any, will be in the energy charges. In order to protect the interests of both consumers and Company it is recommended that the Commission fix percentage discounts to be applied to the energy blocks of the various schedules based upon the 1932 conditions as found above.

The following form of order is recommended:

O R D E R

The Commission having issued its order as above stated, public hearings having been held and the matter being submitted and now ready for decision,

IT IS HEREBY ORDERED that

1. Effective with bills based upon regular meter readings taken on and after December 15, 1932 Coast Counties Gas and Electric Company shall charge and collect for electric service

interim rates in accordance with its existing rates subject to the discounts as set forth in Exhibit "A" attached hereto and made a part hereof, in lieu of corresponding rates now effective.

2. The rates now in effect are unjust and unreasonable to the extent that they differ from those set forth in said Exhibit "A" and the interim rates herein ordered are declared to be just and reasonable and shall remain in force until further order of this Commission.
3. The rates set forth in Exhibit "A" attached hereto shall be filed with this Commission by Coast Counties Gas and Electric Company before December 1, 1932.

For all other purposes the effective date of this order shall be fifteen (15) 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 7th day of November, 1932.

C. L. Lewis
Leon Seabright
M. A. Carr
M. B. Harris
Spes G. Stewart
Commissioners.

EXHIBIT "A"

Schedules L-1 and L-2 - General Lighting:

A discount of 6 per cent shall be applied to the energy portion of the bill (not to the service charges).

Schedules L-3, L-4 and L-5 - Street Lighting:

A discount of 5 per cent shall be applied to all bills for street lighting service under the above schedules.

Schedules D-1 and D-2 - General Domestic Combination Service:

A discount of 4 per cent shall be applied to all bills for energy included in the first 30 kilowatt hour block. The service charge and remaining energy blocks shall not be subject to discount.

Schedule P-1 - General Power Service:

A discount of 4 per cent shall be applied to the energy portion of the bill which is in excess of the minimum charges.

Schedule P-2 - Intermittent Power Service:

A discount of 4 per cent shall be applied to the energy portion of the bill (not to the demand charges).

Schedule P-3 - Agricultural Power Service:

A discount of 3 per cent shall be applied to the energy portion of the bill (not to the service charges).