

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application)
of Del Monte Light & Power Com-)
pany for certificate of Public)
Convenience and Necessity to ex-)
ercise rights and privileges under)
Franchise awarded to it by the)
Board of Supervisors of Monterey)
County.)

Application No. 8095

Carmel Martin, Attorney for Del Monte Light and
Power Company,
J. F. Pollard for Coast Valleys Gas and Electric
Company.

BENEDICT, COMMISSIONER:

O P I N I O N

Del Monte Light and Power Company, an electric utility purchasing electric power from Coast Valleys Gas & Electric Company and distributing it in a limited portion of Monterey County, requests that the Commission grant it a certificate, that public convenience and necessity require the exercise by it of a franchise awarded to Del Monte Light & Power Company by the Board of Supervisors of the County of Monterey on the 17th day of July, 1922.

The franchise covers the entire unincorporated territory of Monterey County, and in its petition applicant asks for a certificate to exercise the rights under the franchise without limitation. At the hearing, however, applicant stated that it would be satisfied with a certificate to serve in that portion of Monterey County east of the Del Monte Hotel known in general as the Seaside and East Monterey Districts.

Del Monte Light & Power Company was incorporated March 11, 1919 and took over the electric distribution property owned and

operated by the Pacific Improvement Company, which Company was then serving a limited number of consumers in and adjacent to Pebble Beach and a few consumers adjacent to its line in Pacific Grove. At that time Del Monte Light & Power Company was obtaining its power from the steam plant located at Hotel Del Monte. In the early part of 1921 the stock of the Del Monte Light & Power Company was purchased by Mr. D. C. Morris of New York, and thereafter the company commenced purchasing electric energy from the Coast Valleys Gas & Electric Company's steam plant in Monterey and discontinued purchasing power from the Del Monte Hotel Plant.

Coast Valleys Gas & Electric Company serves all of Monterey County in which there is sufficient electric business to justify such service, including both incorporated and unincorporated territory, except that portion of the county in and adjacent to Pebble Beach and part of Pacific Grove, and has a franchise throughout the entire county and the right to extend its lines to all of the territory.

An informal complaint was filed with this Commission, in which the East Monterey Improvement Association requested service from the Coast Valleys Gas & Electric Company. Coast Valleys Gas & Electric Company, however, contended that the Del Monte Company could serve the territory in question more cheaply and urged that the Del Monte Company serve the district. The Del Monte Company, whose general manager is vice-president of the Coast Valleys Company, has finally entered into negotiations to serve East Monterey and has obtained from the county a franchise giving it authority to use the streets for that purpose. Applicant has obtained from the Improvement Association and the Board of Supervisors a statement urging the granting of a certificate to Del Monte Company.

The evidence indicates that prior to the taking over of the stock of the Del Monte Company by Mr. Morris the Company had served no consumers east of Monterey; that it had a line, however, from the steam plant at the Del Monte Hotel southward through Monterey and Pacific Grove to Pebble Beach. It is therefore very evident that the territory east of Monterey cannot be considered as a part of the territory adjacent to the territory served by the Del Monte Company or necessary in the regular course of its business. In the latter part of 1921 the Del Monte Company, without either franchise or certificate, extended its lines east of Del Monte Hotel to serve approximately 20 consumers in and adjacent to Seaside. The new extension in East Monterey for which a certificate is now requested is to be made from the line supplying Seaside and the applicant urges as one reason for the granting of a certificate in this district that it will be cheaper for it to serve than the Coast Valleys Company.

Applicant is at present serving about 70 consumers located in Pebble Beach and Seaside and the Southern part of Pacific Grove. Between the two sections the Coast Valleys Company is serving, without competition, the Cities of Pacific Grove and Monterey. The evidence indicates a very close relationship between the two companies. There appears no good reason why public convenience and necessity will be served by giving a small isolated portion of the county to the Del Monte Company, a closely connected company operated by Coast Valleys Company staff, depending on it for its supply of power and at a disadvantage owing to the scattered condition of its business. It is very apparent that it was the duty of the Coast Valleys Company to have served the district now desiring service and the consumers east of Hotel Del Monte served by the Del Monte Company. It is also apparent that the Del Monte Com-

pany has acted beyond its rights in extending its lines in this district.

The rate schedules of both companies are on file with the Commission as required by law. The Del Monte Company quotes but one schedule, entitled "General Service - Available for lighting, cooking and power service", which is slightly lower than the present lighting rate under which Coast Valleys Company would supply the district now in question. Coast Valleys Company, on the other hand, quotes rates for cooking and power service which are much lower than the single schedule of the Del Monte Company. The files of the Commission show that the differential between the rates quoted by the two companies for cooking and power service has already been a source of complaint from consumers now served by Del Monte Company, and in this proceeding Del Monte Company refused to agree that if granted the desired certificate it would put into effect rates no higher than those that are now effective or from time to time may be made effective in similar territory on Coast Valleys' system. Considering the fact that many of the applicants for service from the proposed line extension have signified an intention of using electricity for power purposes as well as for lighting, an advantage rather than a disadvantage to the district in question would be likely to result if the Coast Valleys Company supplied service instead of Del Monte Company.

I recommend that the application of Del Monte Company be denied; that a proceeding be instituted at once by the Commission to the end that Coast Valleys Gas & Electric Company may be ordered to serve East Monterey and that Del Monte Company be ordered to continue service to consumers at present served, pending either a transfer of its properties east of Hotel Del Monte to Coast Valleys Company or the extension of the system of Coast Valleys Company to serve these consumers.

O R D E R

Del Monte Light & Power Company having applied to this Commission for an order to exercise certain rights under franchise obtained on July 17, 1922 from the Board of Supervisors of Monterey County, hearing having been held and the matter being submitted,

IT IS HEREBY ORDERED:

1. That the application be, and the same is hereby denied.

2. That Del Monte Light & Power Company continue service to those consumers now served in Seaside and vicinity, pending further order of this Commission.

The foregoing is 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 September, 1922.

H. H. Blanding
Irving Martin

L. J. Rendick

Commissioners.