

ORIGINAL

Decision No. 1530

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

CALISTOGA ELECTRIC COMPANY,
Complainant,

vs.

Case No. 508

NAPA VALLEY ELECTRIC COMPANY,
Defendant.

.....
In the matter of the investi-
gation into the rates of NAPA
VALLEY ELECTRIC COMPANY for
electric energy.
.....

Case No. 538.

Raymond Benjamin for Calistoga Electric Company.
Milton T. U'Ren for Napa Valley Electric Company.

THELEN, Commissioner.

O P I N I O N.

The above entitled proceedings, which were consolidated for hearing and for decision, involve a determination of the rates to be charged by Napa Valley Electric Company for electric energy supplied to all of its customers.

The complaint in Case No. 508 alleges, in effect, that complainant, the Calistoga Electric Company, is engaged in the business of buying and selling electric energy in the town of Calistoga and vicinity, in Napa county; that Calistoga Electric Company receives its electric energy from defendant, Napa Valley Electric Company, at a point on the line of the Southern Pacific Company between St. Helena and Calistoga, known as Bale Station; that Calistoga Electric Company is the successor to the rights of one E. L. Armstrong, under a contract between Armstrong and Napa Valley Electric Company dated May 13, 1911, attached to the complaint and marked "Exhibit A," under which contract the Napa Valley Electric Company agrees to supply electric energy to Armstrong for distribution in Calistoga and adjacent territory, in Napa county, at the rates therein specified; that by reason of these rates being unduly high, Calistoga Electric Company cannot supply electric

energy to consumers at its existing rates except at a loss to the company; that Napa Valley Electric Company discriminates against Calistoga Electric Company in rates charged for electric energy; and that Calistoga Electric Company is entitled to a reduction in rates under this Commission's Decision No. 289, rendered on October 18, 1912, in Application No. 83, Snow Mountain Water and Power Company (Vol. 1, Opinions and Orders of the Railroad Commission of California, p. 784). The complainant asks that fair and reasonable rates be established and that a refund be ordered of moneys paid by Calistoga Electric Company to Napa Valley Electric Company for electric energy in excess of the rates ordered established by said Decision No. 289.

The defendant in Case No. 508, in its answer alleges that Calistoga Electric Company is merely distributing agent of Napa Valley Electric Company in the town of Calistoga and vicinity, under the terms of the contract dated May 13, 1911, between Armstrong and Napa Valley Electric Company. The answer denies specifically the material allegations of the complaint.

The Napa Valley Electric Company thereafter filed a supplemental and amended answer, setting up certain difficulties which the parties have had in the matter of a sale of the property of the Calistoga Electric Company, with which this Commission is not concerned in this proceeding. The supplemental and amended answer also sets up the claim that this Commission has no jurisdiction in the premises by reason of the fact that an existing contract has established the rates for electric energy to be supplied by Napa Valley Electric Company to E. L. Armstrong and his assignee, the Calistoga Electric Company. This Commission has several times held that there is no merit in a claim of this kind. (See application of Murray and Fletcher, Vol. 2, Opinions and Orders of the Railroad Commission of California, p. 464, and Town of Ukiah vs. Snow Mountain Water and Power Company, Decision No. 1309, Decided on February 27, 1914.)

A question having arisen as to whether the Napa Valley Electric Company had distributed to its patrons the saving in the amount

paid by this company to the Snow Mountain Water and Power Company for electric energy, which saving resulted from this Commission's decision in the application of Snow Mountain Water and Power Company, hereinbefore referred to, and as to whether the rates charged by Napa Valley Electric Company are fair and reasonable rates, this Commission, on January 24, 1914, instituted, on its own motion, an investigation into all the rates charged by Napa Valley Electric Company for electric energy, to which investigation Case No. 538 was assigned.

By agreement of all the parties, the hearings in these two proceedings were consolidated. The hearings were held in the city of San Francisco on March 18 and 21, 1914. Certain additional information which was to be supplied by Napa Valley Electric Company has now been furnished and these cases are now ready for decision.

Napa Valley Electric Company was incorporated on September 10, 1907. It supplies gas within the town of St. Helena, and electric energy in the towns of St. Helena, Rutherford, Oakville and Yountville, all in Napa county, and also to Calistoga Electric Company for distribution in the town of Calistoga and certain territory adjacent thereto. The company's gas plant and electrical sub-station are both located on the same parcel of land in the town of St. Helena. The company secures all its electric energy from the Snow Mountain Water and Power Company, the point of delivery being on said parcel of land. The electric energy there received from Snow Mountain Water and Power Company is transformed from 55,000 volts to 2300 volts for local distribution and 6600 volts for rural distribution. The local electric system consists of overhead lines supplying residential lighting and municipal series street lighting. There are two rural lines, the one running north and the other south from St. Helena. The north line was constructed by Napa Valley Electric Company in 1911, to supply the Calistoga Electric Company, and extends some four miles to Bale Station, at which point delivery is made to Calistoga Electric Company. The line running south from St. Helena to Oak Knoll was constructed and is owned by Snow Mountain Water and Power Company, who have leased the line to Napa Valley Electric Company.

I shall now proceed under the following heads:

- (1) Value of Property;
- (2) Rate of Return;
- (3) Depreciation;
- (4) Operating and Maintenance Expenses;
- (5) The Rate.

1. VALUE OF PROPERTY.

This Commission's gas and electrical rate department prepared a detailed inventory of all the property of the Napa Valley Electric Company and submitted its estimate of the cost of reproducing this property new, and also of the depreciated reproduction value. The inventory was accepted as correct by the Napa Valley Electric Company, as were also the department's estimates of reproduction value new and of depreciated reproduction value, with the exception of a few items. The department's estimate did not include an item for franchises, as to which the department had been unable to ascertain the expenditures. Also, there was no item allowed for time and labor in acquiring rights of way. Allowances for both of these items will be made in the tables which follow. The Napa Valley Electric Company also objected because the cost of the line of the Snow Mountain Water and Power Company from St. Helena to Oak Knoll had not been included in the inventory of the Napa Valley Company's property. It appears that this line is owned by the Snow Mountain Water and Power Company and is operated under lease by the Napa Valley Electric Company. This line was considered by this Commission in the application of the Snow Mountain Water and Power Company, hereinbefore referred to, as a part of that company's property on which it is entitled to a return. Consequently, it would not be fair to consider it also as a part of the property of the Napa Valley Electric Company in establishing the rates of that company. Allowance, however, will be made herein for all sums paid by Napa Valley Electric Company as rent of this line, and also for all expenses incurred by that company in connection with the operation and maintenance thereof for its business.

The following table shows the different items of the Napa Valley Electric Company's operative electric property, the basis of segregation of these items where a segregation is necessary, the estimated reproduction value new, the estimated depreciated reproduction value, the pro rata of the estimated reproduction value new assignable to street lighting, the pro rata on the same basis of reproduction new assignable to the service to the Calistoga Electric Company and the pro rata on the same basis assignable to the Napa Valley Company's other consumers:

TABLE NO.1

SEGREGATION OF ELECTRIC CAPITAL

No.	Item	Basis of Segregation.	Estimated Reproduction Value New.	Estimated Depreciated Reproduction Value	Street Lighting Pro rata	Calistoga Company Pro rata	Other Consumers Pro rata
1	Real Estate	Demand	\$ 1,900.00	\$ 1,900.00	\$ 32.90	\$ 282.96	\$ 1,584.14
2	Franchises	Other charges	305.00	262.30	4.59	39.53	260.86
3	Rights of Way	Use and Demand	476.00	476.00		366.24	109.76
4	Poles and Fixtures	Demand and Consumers (1)	13,765.69	11,559.54	883.77	1,660.65	11,221.27
5	Overhead System	Demand and Consumers	8,779.55	7,653.10	886.14	994.99	6,898.42
6	Substation Building	Direct and Demand	1,375.00	962.50	206.25	179.93	988.82
7	Substation Equipment	Direct and Demand (2)	6,329.81	4,953.76	477.25	886.74	4,965.82
8	Line Transformers, etc.	Demand of Secondary Consumers	4,318.96	3,640.56		169.78	4,129.18
9	Electric Services	Consumers	2,008.64	1,524.62			2,008.64
10	Electric Meters	Consumers	7,281.28	5,419.88		27.65	7,253.63
11	Municipal St. Lights	Direct Segregation	1,154.63	853.42	1,154.63		
12	Furniture and Fixtures	Consumers	374.43	269.59	.79	.79	372.85
13	Vehicles, etc.	Consumers	1,969.69	983.29	4.15	4.15	1,961.39
14	Tools and Appliances	Investment and Demand	165.65	91.11	15.05	23.20	127.40
15	Testing Instruments	Consumers	138.16	124.34	.29	.29	137.50
16	Materials and Supplies	Investment and Demand	1,054.29	1,054.29	95.83	122.60	835.86
TOTALS --			\$ 51,396.98	\$ 41,728.30	\$ 3,761.64	\$ 4,779.70	\$ 42,855.64

(1) Calistoga line prorated between Calistoga and other consumers on basis of lighting and power connected load corrected for respective diversities.

(2) Substation transformers prorated to Street Lighting on demand basis; poles and fixtures and overhead system on use basis.

It appears from Table No. I that the estimated reproduction value new of the total operative physical property used in connection with the Napa Valley Company's electrical business is \$51,396.98, that the estimated depreciated reproduction value of this property is \$41,728.30, that the estimated reproduction value new of the property assignable to the street lighting business is \$3,761.64, and that the estimated reproduction value new of the property assignable to the service to the Calistoga Electric Company is \$4,779.70.

Certain evidence was presented at the hearing with reference to the cost of developing the business, but the evidence is so unsatisfactory that it is impossible to make a finding on this point. In order to be absolutely fair to the Napa Valley Electric Company, I shall take the estimated reproduction value new of the physical properties as representing the basis on which a return shall be allowed in this case. While this amount is somewhat in excess of the amount which may hereafter be determined to be the proper basis, I think it wiser to err on the side of liberality. It is better to be a little too liberal now than to cut too deeply. This decision will not, of course, commit this Commission to the reproduction value new theory, which frequently produces unjust and unreasonable results.

2. RATE OF RETURN.

The business of the Napa Valley Electric Company is relatively small and no very large increase in business can be looked for. In view of the liberal basis of return which has heretofore been established, I find that it would be reasonable to allow a rate of return amounting to 8% on the basis so ascertained.

3. DEPRECIATION.

The following table shows the estimated reproduction value new, the estimated salvage value, the net depreciable value and the total depreciation annuity on each item of property devoted to the electric business, as well as the depreciation annuity, separately, on the property devoted to the street lighting business and to the service of the Calistoga Electric Company:

TABLE NO. II

DEPRECIATION TABLE

No.	Item.	Estimated Reproduction Value New	Estimated Salvage Value	Net Depreciable Value	Total Depreciation Annuity	Depreciation Street Lighting	Depreciation Calistoga Company.	Depreciation other Consumers.
1	Real Estate,	\$ 1,900.00	\$	\$	\$	\$	\$	\$
2	Franchises,	305.00		305.00	4.59	.07	.59	3.93
3	Rights of Way,	476.00		476.00	14.39		11.08	3.31
4	Poles and Fixtures,	13,765.69	825.95	12,939.94	564.70	40.95	76.96	44 6.79
5	Overhead System,	8,779.55	3,072.84	5,706.71	172.57	13.34	14.97	144.26
6	Substation Buildings,	1,375.00	13.75	1,361.25	28.52	4.32	3.77	20.43
7	Substation Equipment,	6,329.81	632.98	5,696.83	119.35	10.00	18.58	90.77
8	Line Transformers, Etc.	4,318.96	431.89	3,887.07	117.54		5.74	111.80
9	Electric Services,	2,008.64	602.59	1,406.05	65.16			65.16
10	Electric Meters,	7,281.28	72.81	7,208.47	304.70		1.17	303.53
11	Municipal Street Lights,	1,154.63	57.73	1,096.90	50.83	50.83		
12	Furniture and Fixtures,	374.43	37.44	336.99	15.62	.04	.04	15.54
13	Vehicles, Etc.	1,969.69	196.96	1,772.73	320.86	.75	.75	319.36
14	Tools and Appliances,	165.65	16.57	149.08	26.98	2.72	4.20	20.06
15	Testing Instruments,	138.16	27.63	110.53	8.79	.03	.03	8.73
16	Materials and Supplies,	1,054.29						
	TOTALS	\$ 51,396.98	\$ 6,989.14	\$ 42,453.55	\$ 1,814.60	\$ 123.05	\$ 137.68	\$ 1,553.67

4. OPERATING EXPENSES AND MAINTENANCE.

The following table shows the operating expenses, exclusive of purchased energy and taxes, of the Napa Valley Electric Company for the year 1913, segregated as between the gas business, the electrical business, the appliance business, street lighting and the service to the Calistoga Electric Company:

TABLE NO. III

DEPRECIATION OF OPERATING EXPENSES
(Exclusive of Purchased Energy and Taxes.)

No. :	Account. :	Basis of Segregation :	Total :	Gas Business :	Appliances Business :	Electric Business :	Street Lighting Pro rata :	Callistoga Pro rata :	Other Consumers Pro rata :
1	Distribution Lines,	Demand and Consumers	\$ 828.34	\$	\$	\$ 828.34	\$ 75.30	\$ 96.34	\$ 656.70
2	Substation Expense,	Demand,	3.49			3.49	.08	.69	2.72
3	Municipal Lighting,	Direct Expense.	26.26			26.26	26.26		
4	Commercial Department,	Consumers,	353.96	71.05	83.96	198.95	.40	.40	198.15
5	Collection Expense,	Consumers,	105.98	27.69		78.09	.16	.16	77.77
6	Gen. Officers Salaries,	Expense and Revenue	3,600.00	774.83		2,825.17	24.57	185.77	2,614.63
7	Misc. Gen. Expense.	Consumers.	1,111.72	223.16	263.70	624.86	1.31	1.31	622.24
8	R.R. Com. Expense.	Direct Expense.	12.50			12.50	.09	.72	11.69
9	Injuries and Damage,	Direct Expense.	59.04			59.04	.52	3.95	54.57
10	Fire Insurance,	Demand,	121.89	39.00		82.89	1.44	12.34	69.11
11	Liability Insurance,	Direct Expense.	509.11	47.25		461.86	4.00	30.19	427.67
12	Automobile Expense,	10% to Gas, - Demand and Consumers	676.69	67.67		609.02	3.59	23.54	581.69
13	Extraordinary Repairs,	Demand.	114.87			114.87	1.97	16.93	95.97
14	Corporation Tax,	Revenue, - Direct.	50.00	4.95	13.52	31.53	.29	1.45	29.79
15	Rent of poles,	Demand.	22.00			22.00	.37	3.17	18.46
16	Office Rent,	Consumers.	116.50	23.39	27.63	65.48	.14	.14	65.20
TOTALS,			\$7,712.35	\$1,279.19	\$ 388.81	\$6,044.35	\$ 140.49	\$ 377.10	\$5,526.76

It will be observed that of the total operating expenses chargeable in whole or in part to this company's electric business, not including the price of current purchased and taxes, amounting to \$7,712.35, the sum of \$1,279.19 is chargeable to the gas business. On the same basis, the operating expenses chargeable to the street lighting business amount. to \$140.49, and those chargeable to the service to the Calistoga Company amount to \$377.10.

Before leaving the item of operating expenses, I desire to draw attention to the item of general officers' salaries. The salaries which were paid to general officers during the years 1913 and 1914 appear in the following table:

TABLE NO. IV.

	<u>1913</u>		<u>1914</u>	
	<u>Monthly</u>	<u>Annually</u>	<u>Monthly</u>	<u>Annually</u>
President	\$ 50.00	\$ 600.00	\$100.00	\$1,200.00
Vice-President	2.50	30.00	20.00	240.00
Secretary	2.50	30.00	95.00	1,140.00
General Manager	100. + %	1,846.13	150.00	1,800.00
Treasurer	2.50	30.00	20.00	240.00
Director	<u>2.50</u>	<u>30.00</u>	<u>20.00</u>	<u>240.00</u>
Totals	\$ 160.00	\$2,566.13	\$405.00	\$4,860.00

It will be noted from the foregoing table that the salary of the president was increased 100%, that of three directors 700% and that of the secretary 3700%. I find from the evidence in this proceeding that the increase in the president's salary is justified but that the allowance for directors should not exceed the amount of \$120.00 annually, based on one meeting per month, and that the allowance for the secretary, based on his actual services to the company, should not exceed the amount of \$240.00 annually. On this basis, the allowance for salaries of general officers amounts to \$3600.00, annually, which amount I consider to be liberal.

In making the segregation of operating expenses between the gas and electrical business, we have concluded that it would be unfair to make the segregation on the basis of the number of consumers and that it would be equally improper to make the segregation on the basis of the amount of money invested in these respective classes of utility service. It would appear that the gas business is relatively unprofitable, and it is clear that if the Napa Valley Electric Company should go out of the gas business and should confine itself to the electric business, the operating expenses chargeable to that business would be materially greater than is now the case. As the electrical business is the chief portion of the company's business, and as the gas business plays a relatively subsidiary part, the Commission is of the opinion that it would be unfair to load operating expenses on to the gas business further than the foregoing facts justify.

5. THE RATE.

The classes of electrical service performed by the Napa Valley Electric Company include both residential and commercial lighting, municipal lighting, industrial power, agricultural power, the service to the Veteran's Home and the service to the Calistoga Electric Company. It will now be necessary to ascertain a fair and reasonable rate to be charged for each of these classes of service.

The rates at present charged by Napa Valley Electric Company for electric service are as follows:

TABLE NO. V.

Electric Current for Light

Minimum Bill \$1.00 per month.

20 K.W.H.	or under	\$.09 per KWH.	
100 "	" "	if over 20	.085	"
200 "	" "	100	.08	"
250 "	" "	200	.075	"
300 "	" "	250	.07	"
350 "	" "	300	.065	"

Electric Current for Power

Minimum Bill \$1.00 per month.

600 K.W.H.	or under05	"
700 "	" "	if over 600	.04 ¹ / ₂	"
800 "	" "	" " 700	.04 ¹ / ₂	"
900 "	" "	" " 800	.04	"
1000 "	" "	" " 900	.03 ¹ / ₂	"
2000 "	" "	" " 1000	.03	"
3000 "	" "	" " 2000	.02 ¹ / ₂	"
		Over 3000	.02 ¹ / ₂	"

Electric Current for Cooking

Minimum Bill \$3.00 per month.

Rate.....	.04	"
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Electric Current for Irrigation

Minimum Bill \$1.00 per month.

Rate.....	.02 ¹ / ₂	"
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Calistoga Electric Light Company \$.0425 per K.W.H.

Town of St. Helena Street Lighting Systems \$.06 per K.W.H.

Veterans' Home \$.025 per K.W.H.

The following table shows the cost of service for the Napa Valley Company's electric customers other than municipal street lighting and Calistoga Electric Company:

TABLE NO. VI.

Cost of Service

Average for all consumers except municipal street lighting and Calistoga Electric Company.

Investment.....		\$42,855.64
Interest at 8%	\$3428.45	
Depreciation Annuity	1553.67	
Operating Expense	5526.76	
Purchased Energy (1.1¢ pr. KWH 35.31% ave. losses)		
1913 basis	4191.47	
Taxes (4.6% on Gr. Revenue)	712.12	
Total Cost.....	\$15,412.47	
Average /cost per K. W. H. (1913 Basis).....		\$ 0.05331

The following table shows the cost of service for the Municipal street lighting service in St. Helena:

TABLE NO. VII.

Cost of Street Lighting Service in St. Helena.

Investment.....		\$ 3,761.64
Interest at 8%	\$300.93	
Depreciation Annuity	123.05	
Operating Expense	140.49	
Purchased Energy (1.1¢ per KWH 14.82% losses)	206.60	
Taxes (4.6% on Gr. Revenue)	37.18	
Total Cost	\$808.25	
Total Cost per K. W. H.		\$ 0.05052

The following table shows the cost of the service rendered to the Calistoga Electric Company:

TABLE NO. VIII

Cost of Calistoga Service

Investment.....	\$4,779.70
Interest at 8%	\$ 382.39
Depreciation Annuity	137.88
Operating Expense	377.10
Purchased Energy (1.1¢ per KWH 14.82% losses)	694.72
Taxes (4.6% on Gr. Revenue)	<u>76.77</u>
Total Cost	\$1668.86
Total Cost per K. W. H. (1913 basis)	\$ 0.03102

From a careful consideration of all the evidence in this case, I find that the rates shown in the following table are fair and reasonable rates for the different classes of electric service performed by the Napa Valley Electric Company and that they should be established by said company:

TABLE NO. IX.

Schedule "A"

General Lighting.

Applicable to all consumers of electric energy for lighting and domestic purposes. Energy deliverable at the voltage of the company's secondary distribution line.

9¢ per K.W.H. for first 20 K. W. H. per month per meter.
5¢ " " " next 500 " " " " " "

Minimum charge: \$1.00 per meter per month.

Schedule "B"

General Industrial Power.

Applicable to all consumers of electric energy for power purposes where the installation is one horse-power or over. Energy deliverable at the voltage of the company's secondary distribution lines.

First 60 K.W.H. per H.P. pr. Mo.	{ 1 H.P. and less than 5 H.P.,	5¢ per KWH	
	{ 5 H.P. and less than 15 "	4½¢ "	"
	{ 15 H.P. and less than 35 "	4¢ "	"
	{ 35 H.P. and over	3½¢ "	"
Next 90 K.W.H. per H.P. per Month		2½¢ "	"
Next 150 " " " "		2¢ "	"
Over 300 " " " "		1 ¾¢ "	"

Minimum Charge: \$1.00 per H.P. per Month for first 5 H.P.
.70 " " for all over 5 H.P.

Schedule "C"

Primary Industrial Power

Applicable to all consumers of electric energy for power purposes where the installation is one horse-power or over. Energy deliverable at the voltage of the company's primary distribution lines.

First 60 KWH per HP. per month	{	1 HP. and less than 5 HP.	4 1/2¢ pr. KWH
		5 HP. and less than 15 HP.	4¢ "
		15 HP. and less than 35 HP.	3 1/2¢ "
		35 HP. and Over	3¢ "
Next 90 KWH per HP. per month			2¢ "
Next 150 KWH per HP. per month			1 3/4¢ "
Over 300 KWH per HP. per month			1 1/2¢ "

Minimum charge: 80¢ per H.P. per month for first 5 H.P.
60¢ per H.P. per month for all over 5 H.P.

Schedule "D"

General Seasonal Power

Applicable to all consumers of electric energy for power purposes where the use is seasonal and where the installation is one horse-power or over. Energy deliverable at the voltage of the company's secondary distribution lines.

First 60 KWH per HP. per month	{	1 HP and less than 5 HP.	5¢ per KWH
		5 HP and less than 15 "	4 1/2¢ "
		15 HP and less than 35 "	4¢ "
		35 HP and Over	3 1/2¢ "
Next 90 KWH per HP per month			2 1/2¢ "
Next 150 KWH per HP per month			2¢ "
Over 300 KWH per HP per month			1 3/4¢ "

Minimum charge: \$10.00 per H.P. per year for first 5 H.P. and
7.00 per H.P. per year for all over 5 H.P.

Schedule "E"

Primary Seasonal Power

Applicable to all consumers of electric energy for power purposes where the use is seasonal and where the installation is one horse-power or over. Energy deliverable at the voltage of the company's primary distribution lines.

First 60 KWH per HP per month	{	1 HP and less than 5 HP.	4 1/2¢ per KWH
		5 HP and less than 15 HP.	4¢ "
		15 HP and less than 35 HP.	3 1/2¢ "
		35 HP and over	3¢ "
Next 90 KWH per month			2¢ "
Next 150 KWH per month			1 3/4¢ "
Over 300 KWH per month			1 1/2¢ "

Minimum charge: \$9.00 per H.P. per year for the first 5 H.P. and
6.00 per H.P. per year for all over 5 H.P.

Schedule "F"

Municipal Street Lighting..... 5¢ per K.W.H.

Schedule "G"

Calistoga Electric Company.....3¢ per K.W.H.

Before concluding, I desire to comment on a few of the rates shown in the foregoing table. The top rate for general electric lighting remains as before, viz., 9¢ per K. W. H. for the first 20 K.W.H. per month per meter, but a reduction is made in electric energy consumed in excess of 20 K.W.H. per month per meter.

While the general rate for agricultural power service remains about as before, an increase is made in the minimum charge. This minimum has been \$1.00 per meter per month, entirely irrespective of the installation, and it is clear that this rate has been below the cost of service. A minimum is accordingly established on the basis of the horse-power of installation, in accordance with the usual practice. The rate for municipal street lighting is reduced from 6¢ to 5¢ per K.W.H. While the cost per K.W.H., according to Table No.VII, is \$.05052, the slight increase in business which may be expected during the ensuing year justifies the flat rate of 5¢ per K. W. H. The same reason accounts for the establishment of the price of 3¢ per K.W.H. for the service to the Calistoga Electric Company. If the Napa Valley Electric Company and the Calistoga Electric Company can agree on a rate different from that herein established for this service, including a minimum, on such basis that the result over a series of years will be practically the same as that herein contemplated, the parties may make joint application to this Commission for authority to establish a rate on a basis different from that herein established. The rate now in effect for the Veteran's Home appears to be below the cost of service. As this institution is a State institution, the Napa Valley Electric Company has the right to give to this institution such concessions as it

desires to establish, but it does not have the right to charge against its other consumers such loss as may result from its generosity to the State. Accordingly, the rates herein established for other consumers are based on the cost of service to them and do not cover such loss as may occur in the service to the Veteran's Home. If the Napa Valley Electric Company desires to serve this customer at less than the cost of service, it must do so at its own expense.

The following table shows the revenue required by Napa Valley Electric Company from its electric service on the bases hereinbefore indicated, and the estimated revenue from the rates herein established, for the year 1914. The estimated revenue is based on general lighting consumption for the month of March, 1914, and for the consumption for other classes of business during the year 1913, with the addition of the added revenue to be secured from the establishment of the agricultural power minimum hereinbefore referred to:

TABLE NO. X.

Effect of proposed Rates.

Required Revenue

Interest at 3%	\$ 4,111.76
Depreciation Annuity.....	1,814.60
Operating Expenses.....	6,044.35
Purchased Energy (1913).....	5,092.79
Taxes (4.6% on Gr.Revenue).....	822.76
Total.....	\$17,886.26

Estimated Revenue

General Lighting(March,1914) ..	\$ 9,431.29
Municipal Lighting, etc. (1913)	1,456.85
Industrial Power (1913)	1,281.53
Agricultural Power (1913)	1,292.82
Excess due to Power Minimum	846.00
Veteran's Home (1913)	2,352.10
Calistoga (1913)	1,668.86
Total.....	\$18,329.45

I submit herewith the following form of order:

O R D E R.

Public hearings having been held in the above entitled proceedings, and the same having been submitted and being now ready for decision,

THE COMMISSION HEREBY FINDS AS A FACT, that the existing rates of the NAPA VALLEY ELECTRIC COMPANY for electric service are unjust and unreasonable in so far as they differ from the rates herein established, and also finds as a fact that the rates herein established are fair and reasonable rates for the electric service of the Napa Valley Electric Company.

Basing its order on the foregoing findings of fact and on the other findings which are contained in the opinion which precedes this order, the RAILROAD COMMISSION hereby orders NAPA VALLEY ELECTRIC COMPANY to establish and to file with this Commission the following rates for its electric service:

Schedule "A"

General Lighting

Applicable to all consumers of electric energy for lighting and domestic purposes. Energy deliverable at the voltage of the company's secondary distribution lines.

9¢ per K.W.H. for first 20 K.W.H. per month per meter
5¢ " " " next 500 " " " " " "

Minimum charge: \$1.00 per meter per month

Schedule "B"

General Industrial Power

Applicable to all consumers of electric energy for power purposes where the installation is one horse-power or over. Energy deliverable at the voltage of the company's secondary distribution lines.

First 60 K.W.H. per H.P. per month	(1 HP and less than 5 HP- 5¢ per KWH 5 HP and less than 15 HP- 4 1/2¢ " 15 HP and less than 35 HP- 4¢ " 35 HP and over 3 1/2¢ "
Next 90 K.W.H. per H.P. per month	2¢ "
Next 150 " " " " "	2¢ "
Over 300 " " " " "	1 3/4¢ "

Minimum charge: \$1.00 per HP per month for first 5 HP
.70 " " " " for all over 5 HP.

Here
Schedule "C"

Primary Industrial Power

Applicable to all consumers of electric energy for power purposes where the installation is one horse-power or over. Energy deliverable at the voltage of the company's primary distribution lines.

First 60 KWH per HP per month	{	1 HP and less than 5 HP-	4½¢ per KWH	
		5 HP and less than 15 HP-	4¢	"
		15 HP and less than 35 HP-	3½¢	"
		35 HP and over	3¢	"
Next 90 KWH per HP per month			2¢	"
Next 150 KWH per HP per month			1 3/4¢	"
Over 300 KWH per HP per month			1 1/2¢	"

Minimum charge: 30¢ per H.P. per month for first 5 H.P.
60¢ per H.P. per month for all over 5 H.P.

Schedule "D"

General Seasonal Power

Applicable to all consumers of electric energy for power purposes where the use is seasonal and where the installation is one horse-power or over. Energy deliverable at the voltage of the company's secondary distribution lines.

First 60 KWH per HP per month	{	1 HP and less than 5 HP-	5¢ per KWH	
		5 HP and less than 15 HP-	4½¢	"
		15 HP and less than 35 HP-	4¢	"
		35 HP and over	3½¢	"
Next 90 KWH per HP per month			2½¢	"
Next 150 KWH per HP per month			2¢	"
Over 300 KWH per HP per month			1 3/4¢	"

Minimum charge: \$10.00 per H.P. per year for first 5 H.P. and
7.00 per H.P. per year for all over 5 H.P.

Schedule "E"

Primary Seasonal Power

Applicable to all consumers of electric energy for power purposes where the use is seasonal and where the installation is one horse-power or over. Energy deliverable at the voltage of the Company's primary distribution lines.

First 60 KWH per HP per month	{	1 HP and less than 5 HP-	4½¢ per KWH	
		5 HP and less than 15 HP-	4¢	"
		15 HP and less than 35 HP-	3½¢	"
		35 HP and over	3¢	"
Next 90 KWH per HP per month			2¢	"
Next 150 KWH per HP per month			1 3/4¢	"
Over 300 KWH per HP per month			1 1/2¢	"

Minimum charge: \$9.00 per H.P. per year for the first 5 H.P.
and 6.00 per H.P. per year for all over 5 H.P.

Schedule "F"

Municipal Street Lighting..... 5¢ per K.W.H.

Schedule "G"

Calistoga Electric Company..... 3¢ per K.W.H.

The rates herein established shall become effective on June first, 1914.

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 21st day of May, 1914.

Alex Gordon
Max Thelen
Edwin O. Edgerton
Commissioners.