

# ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 1759

SALINAS CITY, a municipal corporation,

Complainant,

vs.

Case No. 495.

COAST VALLEYS GAS and ELECTRIC COMPANY, a corporation,

Defendant.

J. E. Andresen, City Attorney, for Salinas City.  
Chickering & Gregory, George H. Whipple, Warren Gregory  
and Jared How for Coast Valleys Gas & Electric Co.

THELEN, Commissioner.

## O P I N I O N.

The issue in this case is the ascertainment of fair and reasonable rates to be charged by defendant for electric energy supplied to Salinas City and to the inhabitants thereof.

The complaint, after referring to the fact that Salinas City has voted to confer upon the Railroad Commission the City's powers over public utilities engaged in the business of distributing electric energy, alleges that the defendant, which is the only public utility supplying electric energy within Salinas City, is charging the following rates for electric energy supplied to Salinas City and the inhabitants thereof:

First 50 Kw Hrs.....	10¢	per	Kw	Hr.
Second " " " .....	9¢	"	"	"
Third " " " .....	8¢	"	"	"
Fourth " " " .....	7¢	"	"	"
Fifth " " " .....	6¢	"	"	"
250 - 500 Kw Hrs.....	5¢	"	"	"
500 - 1000 " " .....	4¢	"	"	"
1000 - 2000 " " .....	3½¢	"	"	"
Over 2000 " " .....	3¢	"	"	"

Day Power and Cooking Rates.

0 - 250 Kw Hrs.....	5¢ per Kw Hr.
250 - 1000 " " .....	4¢ " " "
1000 - 2000 " " .....	3½¢ " " "
2000 - 4000 " " .....	3¢ " " "
4000 - 6000 " " .....	2½¢ " " "
6000 -10000 " " .....	2¢ " " "

Minimum \$1.00 per month for 0 - 5 Hp  
 " .75 " " " 5 -25 "  
 " .50 " " " 25 - Hp and up.

For each arc light (Series Arc Lamp 6.6 Amp.) burned in Salinas City from sunset to sunrise, \$7.50 per month.

The complaint then continues and alleges, in effect, that at the time the City Council of Salinas City was engaged in the establishment of electric rates to be charged for the year commencing July 1, 1912, defendant offered to make a reduction of 10 per cent in the lighting rates, in consideration of cash payments to be made by consumers; that thereafter the City Council of Salinas City, without accepting said offer of reduction in rates, adopted an ordinance establishing the rates at which electric energy should be supplied to Salinas City and to the inhabitants thereof, which rates were lower than those which the defendant had offered to accord; that thereafter defendant commenced proceedings in the Superior Court of Monterey county and secured an injunction enjoining the enforcement of said ordinance; that as a consequence of the injunction defendant has been able to continue to charge the rates for electricity which were in effect prior to July 1, 1912; that the rates charged by defendant for electric energy are unjust and unreasonable; and that Salinas City uses 55 arc lamps for street lighting purposes, paying therefor the aggregate monthly sum of \$412.50, and that the rate paid therefor is unjust and unreasonable. The complainant asks that this Commission establish the rates at which electricity shall be sold to Salinas City and to the inhabitants thereof.

The answer, after admitting certain allegations of the complaint, alleges that there is in effect in Salinas City an additional optional rate for cooking and power purposes, which rate is

set forth in Exhibit "A" attached to the answer; denies the allegations of the complaint with reference to the offer of reduction in rates made by defendant, and in this connection alleges that defendant's offer was to give a cash discount of 10 per cent if bills were paid at the office of the company in Salinas City on or before the 10th day of the month succeeding that in which the service is rendered, provided that in no case should the monthly payment be less than \$1.00, and alleges that the street lighting in Salinas City was excepted from said offer; alleges that the existing rate for street lighting includes maintenance of lamps, renewal of parts thereof and trimming and inspection of the same; and denies that any of defendant's rates charged to Salinas City and the inhabitants thereof are unfair or unreasonable. In an affirmative defense, defendant alleges that any reduction of existing rates by this Commission would deprive defendant of its property without due process of law, and would be in violation of defendant's constitutional rights.

Public hearings in this case were held in Salinas City on January 30, 1914, and in San Francisco on March 23 and 25, May 9 and 11, 1914. Permission was given to defendant to file a brief. This brief has now been filed and the case is ready for decision.

Coast Valleys Gas and Electric Company was incorporated under the laws of this State on March 18, 1912. Immediately thereafter applicant acquired both the capital stock and the property of Monterey County Gas and Electric Company, Monterey Gas and Electric Company, Salinas Water, Light and Power Company, California Consolidated Light and Power Company, and Salinas Valley Water Company. The California Consolidated Light and Power Company had acquired all the capital stock and the property of Monterey County Gas and Electric Company, Monterey Gas and Electric Company and Salinas Water, Light and Power Company, except the water properties of Salinas Water, Light and Power Company, which properties were conveyed to Salinas Water Company. The California Consolidated Light and Power Company also owned the capital stock of the Monterey and Pacific Grove Railway, operating an electric line of

railroad between Monterey and Pacific Grove.

Coast Valleys Gas and Electric Company now distributes electricity in Salinas, Monterey, Pacific Grove and King City, and in rural territory adjacent to these cities, particularly to Salinas; gas in Salinas, Monterey and Pacific Grove; and water in Salinas and King City.

The company secures hydro-electric energy at its substation in Salinas from Sierra and San Francisco Power Company at 55,000 volts at a rate equal to 1.3¢ per K.W.H. less the load factor. From Salinas this energy is conveyed over transmission lines to Monterey on the west and King City on the south. The company owns distribution systems in and about Salinas, Monterey, Pacific Grove and King City and also distributes some electric energy from substations between Salinas and King City.

The substation at Salinas distributes electric energy to Salinas and to the rural territory adjacent thereto, wherein a large irrigation load is consumed. Street lighting systems have been installed in Salinas, Monterey, Pacific Grove and King City.

Defendant also owns a 1000 K.W. steam plant at Monterey and small partly obsolete steam plants in Salinas and King City. The Monterey plant has a capacity sufficient to carry the Monterey load at all times and the load of the entire system except over the power peak due to the irrigation load. The Monterey plant is maintained as a standby and is ready for service at all times on short notice.

Electric energy was first distributed in Salinas by Salinas City Gas and Water Company. This company was incorporated on May 4, 1875 and for a number of years confined itself to the distribution of gas and water. On November 1, 1888, the company secured a franchise for the distribution of electric energy. Shortly thereafter the distribution of electricity was commenced.

While the complaint in this case is confined to rates for electric energy distributed within the city of Salinas, it will be

necessary in many aspects to consider the electric system as a whole. Among other reasons making such procedure necessary, the following are significant:

(1) The additions and betterments to electric capital from August 31, 1912, (the date of the Ford, Bacon and Davis appraisal) to December 31, 1913, have not been segregated between the various districts.

(2) The rural load, which consists largely of power for agricultural purposes, is necessary to secure a better load factor for the entire system. The city business, which profits from the better load factor, should help pay part of the burdens of the rural service.

#### BASIS OF RETURN.

Mr. H. F. Jackson, defendant's General Manager, made an analysis of the books of account of defendant and its predecessors and testified as a result of this analysis to a total of \$1,093,092.00 for all capital expenditures made by defendant and its predecessors for defendant's entire property from the beginning to December 31, 1913. This sum apparently does not include a part of interest during construction, but does include the entire amount spent since 1874 or 1875 for property now abandoned or replaced. Mr. Jackson made no analysis of the capital expenditures for the electric properties alone.

Coast Valleys Gas and Electric Company presents the following tabulation as showing the cost to it of the property purchased on March 18, 1912, with additions and betterments to December 31, 1913, including an allowance for interest at the rate of 8 per cent per annum on the purchase price of the stock from March 18, 1912, to December 31, 1913:

Underlying Bonds.....	\$500,000.00
Floating Debt, March 18, 1912.....	207,000.00
Purchase price of Stock.....	400,000.00
Expenditures for Additions and Betterments--	
March 18, 1912 to December 31, 1913.....	286,137.00
Interest on \$400,000, purchase price of Stock from	
March 18, 1912 to December 31, 1913, at 8 per	
cent per Annum.....	57,250.00
Total.....	\$1,450,387.00

Defendant claims to have paid \$400,000 for the stock of its predecessor companies. As \$500,000 face value of bonds and a floating debt of \$207,000 were outstanding on March 18, 1912, it follows that if \$400,000 was actually paid for the stock of the predecessor companies, defendant paid \$1,107,000 for the property which, according to Mr. Jackson's analysis, had cost at that time not to exceed \$806,955.00 (with certain additions for interest during construction, and deductions for abandoned and replaced property during more than 30 years). This price would be \$300,000 in excess of the cost of the property. It must also be remembered that this price includes bond discount.

Defendant acquired its property only a day or two before the effective date of the Public Utilities Act and with a full realization that its rates would be subject to public regulation, and defendant must be presumed to have known that it was entitled to a return on only a fair value of the property. In order to be absolutely fair to defendant, the Commission will in this case allow the full estimated reproduction cost of the physical properties, although certain portions thereof are already partly obsolete, and will further allow an item for intangibles, although not proved. In this manner, out of liberality to the defendant, the Commission will make up a material portion of the difference between the amount alleged to have been paid for the property and the real value thereof.

Defendant introduced in evidence an estimate of the cost to reproduce defendant's entire property as of August 31, 1912, with additions for the actual expenditures for additions and betterments from August 31, 1912 to December 31, 1913, prepared by Ford, Bacon and Davis, which estimate is as follows:

TABLE NO. I.

## FORD, BACON AND DAVIS ESTIMATE

## OF DEFENDANT'S ENTIRE PROPERTY

	Physical Property	Rights, Capital and Organization (A)	Going Value (B)	Total Other Than Physical	Total Corporate	Additions to Dec. 31, 1913.	Total as of Dec. 31, 1913.
<b>Operative:</b>							
Electric Division	\$ 492,270	\$ 141,785	\$ 148,500	\$ 290,285	\$ 782,555	\$ 116,144	\$ 898,699
Gas Division							
Salinas	158,042	30,643	18,900	49,543	204,585	4,279	208,864
Monterey & Pacific Grove	187,365	37,500	28,300	65,800	253,165	9,939	263,104
Water Division							
Salinas	192,526	61,372	24,050	85,422	277,948	602	278,550
King City	21,239	6,770	5,250	12,020	33,259	527	33,786
Total Operative	\$ 1,048,442	\$ 278,070	\$ 225,000	\$ 503,070	\$ 1,551,512	\$ 131,491	\$ 1,683,003
<b>Non-Operative:</b>							
Electric Division	\$ 30,629				\$ 30,629		\$ 30,629
Gas Division	221				221		221
Water Division	497				497		497
Obsolete Equipment	373				373		373
Total Non-operative	\$ 31,720				\$ 31,720		\$ 31,720
Total Corporate Property	\$ 1,080,162	\$ 278,070	\$ 225,000	\$ 503,070	\$ 1,583,232	\$ 131,491	\$ 1,714,723

(A) Distributed between Electric, Gas and Water Divisions in proportion to the physical investment in each.

(B) The total Going Value of the property of \$225,000 having been derived as a function of Gross Earnings, is here distributed among the various divisions in proportion to the gross earnings of each.

The estimated cost of reproduction as of August 31, 1912, less accrued depreciation as estimated by Ford, Bacon and Davis, was \$1,414,892.32.

In view of the fact that this estimate, as of December 31, 1913, amounting to \$1,714,723.00, is more than \$600,000 in excess of the actual cost, as testified to by Mr. Jackson from the original cost records, it becomes necessary to consider this estimate with some care.

The most significant fact in connection with this estimate lies in the following two items:

Rights, capital and organization	\$ 278,070.00
Going value,	<u>225,000.00</u>
Total.....	\$ 503,070.00

It thus appears that to the total estimated reproduction cost of the physical elements as of August 31, 1912, amounting to \$1,080,162.00, almost 50 per cent was added for these nebulous items, and that as to the electric properties the percentage added is almost 60 per cent. These items were added without evidence of actual expenditures to support them and were calculated on hypotheses which assumed conditions entirely at variance with the actual facts surrounding the construction and development of these properties. In fact, in so far as the Salinas properties are concerned, the testimony shows that they originally cost between \$40,000 and \$48,000, that they were sold for \$125,000 in 1901 or 1902, at which time \$130,000 to \$135,000 had been invested therein and that while some assessments (the amount whereof was not given) were levied prior to 1885, the properties were largely built out of the earnings. No assessments were levied after the Salinas electric properties were constructed. The evidence also shows that in addition to construction carried on from earnings, the profits were sufficient to yield an average of five to six per cent dividends during the period from 1874 or 5 to 1901 or 2. It is a fair inference from the testimony that the profits of these years were large enough to take care of all allowances which can



reasonably be made for the foregoing items.

In reaching a conclusion as to the cost to reproduce the physical elements of the property, Ford, Bacon and Davis applied certain percentages which may be illustrated by the Salinas electric properties as follows:

Contingencies, incidentals and incomplete inventory - on designated items.....	5 - 10%
Contractor's expenses, services and profits - on power buildings; general structures; labor and foundations on power plant equipment; and piping and miscellaneous on furnaces; boilers and accessories.....	15%
Engineering and superintendence.....	7½%
Interest and taxes.....	10½%
Injuries and damages - on labor.....	4%

The interest is estimated on the assumption that the plant would be built as a unit, that no revenue would be derived from operation until completion and that it would take two years to complete the plant. These assumptions are all contrary to the facts surrounding the construction of these properties and the results secured are widely at variance from those secured from either the original construction or the cost of reproduction theory applied in accordance with <sup>the</sup> historical method. Thus, the gas and water plant at Salinas was constructed in not to exceed six months and the electric properties were added while the property was in full operation. There is no unit in this system which cannot reasonably be constructed in six months.

There has been considerable confusion in this case with reference to contractor's profits. If it is desired to estimate the cost to reproduce the utility property as of a certain date and it is thought more economical to have the work done by a contractor, a contractor's profit must of course be included in the estimate. On the other hand, if it is thought more economical to have the utility itself do the work, there should be no contractor's profit, although in that

case certain items might cost more than they would cost if a contractor did the work. In the present case, Ford, Bacon and Davis have assumed that certain portions only of the plant would be built by a contractor. However, no material reduction was made in any of the unit prices from the prices used for company construction and I find that the unit prices used are high enough to eliminate the contractor, at least in so far as the Salinas electric properties are concerned.

Mr. Kelley, one of this Commission's engineers, made a check of the Ford, Bacon and Davis electric properties estimate in part as to quantities and completely as to unit costs and overhead percentages. He allowed percentages varying from 5 to 10 for contingencies, 10 per cent for engineering, superintendence, administration, insurance and taxes and 5 per cent for interest during construction. The overhead charges on that portion of the system of which the reproduction cost was estimated as taken by Mr. Kelley, amounted to approximately 20 per cent. While this percentage is in excess of that used by this Commission in recent important electric rate cases, it would not be proper, on the evidence in this case, to reduce it here.

As the result of Mr. Kelley's testimony and other testimony, it will be necessary to make a number of adjustments in the Ford, Bacon and Davis estimate, in addition to the items already mentioned. These adjustments are as follows:

(1) Transmission line Salinas to Chualar.

The actual cost of this line is now available and should be used.

Actual cost as reported.....	\$ 59,358.92
(Including all overhead charges except interest during construction.)	
Interest during construction.....	<u>890.38</u>
	60,249.30
Deduct for reconstruction.....	<u>1,000.00</u>
	\$ 59,249.30

(2) Monterey steam plant.

\$5,000.00 should be allowed for real estate instead of \$6,666.66 and \$2,516.10 should be deducted. Of the latter amount, \$2,289.60 is included in the allowance for material and supplies and the balance is a correction in the cost of certain distribution transformers.

(3) Salinas steam plant.

\$470.00 should be deducted on account of 235 H.P. boiler.

(4) King City steam plant.

\$1,479.00 should be deducted on account of duplication of transformer equipment and \$494.91 in the estimated cost of switch-board equipment.

(5) Distribution systems.

\$1.50 per meter should be deducted from all house meters.

(6) Readjustment of pole charges.

A proper pro rata of the investment in poles must be deducted from general distribution and charged against the street lighting system.

(7) Testing equipment.

\$500.00 should be added to allow for the purchase of such equipment.

(8) Additions and betterments.

These items must be distributed on the basis of previous investments for the reason that they were not segregated in sufficient detail. They should be taken at actual book cost.

(9) Working capital.

An allowance of \$14,004.05 should be made for material and supplies, this being the actual inventory, and \$14,513.00, being the equivalent of two month's operating expenses, should be added for working capital. The amount claimed by defendant for a construction fund is taken care of by the allowance for interest during construction.

(10) Construction capital.

An allowance of approximately 10% of the investment, exclusive of general and intangible capital not subject to increase with additional business, should be made for new construction.

The following table shows the foregoing adjustments to estimated reproduction cost new:

TABLE NO. 11.

## ELECTRIC INVESTMENT - TANGIBLE PROPERTY

	Generation A	Transmission B	Distribution C	Street Lighting D	General	Total
1 - Real Estate	\$ 9,493.51	\$	\$ 103.00	\$	\$ 1,422.54	\$ 11,019.05
2 - Rights of Way		1,013.54				1,013.54
3 - Buildings	30,047.95		1,409.77		2,131.17	33,588.89
4 - Furnaces, Boilers & Accessories	60,714.57					60,714.57
5 - Steam Power Plant Equipment	37,754.41					37,754.41
6 - Generators	19,860.09					19,860.09
7 - Switchboard Equipment	3,145.91	486.76	1,396.43			5,029.10
8 - Transformers	357.60		25,466.82	3,320.49		29,144.91
9 - Poles and Fixtures		39,785.98	58,436.79	6,027.44		104,250.21
10 - Wire and Insulators		53,496.32	69,018.63	6,761.03		129,274.98
11 - Substation Equipment			49,380.50			49,380.50
12 - Meters			41,175.40			41,175.40
13 - Services			14,561.80			14,561.80
14 - Street Lamps				5,682.86		5,682.86
15 - Telephone Lines					1,800.76	1,800.76
16 - Office and Miscellaneous Equipment					2,215.89	2,215.89
17 - Stables and Garage Equipment					3,017.12	3,017.12
18 - Tools					218.65	218.65
19 - Testing Equipment					500.00	500.00
20 - Working Capital					33,265.46	33,265.46
21 - Construction Capital					55,200.00	55,200.00
Totals -	161,374.04	94,781.60	260,949.14	21,791.82	94,771.59	638,668.19

After a careful consideration of all the evidence in this case, I find as a fact that \$663,668.19 is <sup>at least</sup> a fair and reasonable amount to be used as a basis on which a return shall be allowed to defendant on its electric properties.

#### RATE OF RETURN.

Defendant's claim that it should be allowed a return of 10 per cent on the estimated cost of reproducing its property new is excessive. I find that a return of 8 per cent on the basis hereinbefore indicated will be fair and reasonable.

#### DEPRECIATION.

Sums adequate for depreciation, obsolescence and inadequacy, on the sinking fund method, have been estimated and will be found in Table III.

#### OPERATING EXPENSES.

The operating expenses incurred by defendant in connection with its electric properties in 1913 will all be allowed with the following additions:

(1) \$2,500.00 should be added to the salaries of general officers, in accordance with the testimony showing an increase in these salaries for 1914.

(2) General law expenses should be increased from \$491.00 to \$1,000 in order to include a pro rata (over a period of years) of the cost of litigation in these cases.

(3) The following increases <sup>in operating and maintenance expenses</sup> will be assumed, resulting from increases in business:

Maintenance		10%
*Production expense		5%
Transmission	"	5%
Substation	"	6%
Distribution	"	5%
Street Lighting	"	5%
Service	"	10%

\* Cost of purchased energy increased in proportion to system input.

The following table shows the cost of electric service in accordance with the foregoing portion of this opinion:

TABLE NO. II.

COST OF ELECTRIC SERVICE

	Production	Transmission	Substation	Sub Total	Street Lighting	Distribution	Service	Totals
Investment	\$ 198,736.89	\$ 116,726.43	\$ 64,567.06	\$ 380,030.38	\$ 26,837.58	\$ 188,157.90	\$ 68,642.33	\$ 663,668.19
Interest	15,898.95	9,338.11	5,165.36	30,402.42	2,147.01	15,052.63	5,491.39	53,093.45
Depreciation	3,242.38	2,445.17	1,162.08	6,849.63	733.33	4,026.00	1,966.66	13,575.62
Maintenance	<u>1,031.49</u>	<u>972.54</u>	<u>62.95</u>	<u>2,066.98</u>	<u>274.61</u>	<u>2,582.74</u>	<u>881.45</u>	<u>5,805.78</u>
Total Fixed Cost	20,172.82	12,755.82	6,390.39	39,319.03	3,154.95	21,661.37	8,339.50	72,474.85
Operation	16,189.54	878.05	402.30	17,469.89	1,333.97	9,383.83	10,777.54	38,965.23
Taxes	<u>1,753.32</u>	<u>657.39</u>	<u>327.53</u>	<u>2,738.24</u>	<u>216.45</u>	<u>1,496.93</u>	<u>921.78</u>	<u>5,373.40</u>
Total Operation Cost	17,942.86	1,535.44	729.83	20,208.13	1,550.42	10,880.76	11,699.32	44,338.63
Purchased Energy Increased for Taxes				45,758.51				
Total Cost of Service	38,115.68	14,291.26	7,120.22	55,527.16	4,705.37	32,542.13	20,038.82	162,571.99



The distribution in the foregoing table is obtained from Table No. II as follows: To the total for generating, transmission and street lighting capital a pro rata of general capital is added. The totals for distribution are similarly secured from items 1-C, 3-C, 7-C to 11-C inclusive, and service capital is secured from items 12-C and 13-C by adding the proper percentages of general capital.

THE RATES.

The complaint herein attacks a certain rate for day power and cooking which is set forth at the outset of this opinion. At the time the complaint was filed, certain optional power rates, of which the complainant apparently did not know, were in effect. These rates are materially lower than those complained of and are as follows:

Commercial Power.

Schedule A - 4 - 2 - 1-Rate:

1st	50 KWH per month per H.P. of rated capacity	4¢ per KWH.
Next	100 " " " " " " " " " "	2¢ " "
All over	150" " " " " " " " " "	1¢ " "

A discount is allowed of 1% for each 5 H.P. of rated capacity from the foregoing rates up to a maximum of 30% discount provided bills are paid at the office of the company on or before the 10th day of the month succeeding that for which bill is rendered. Minimum bill 50¢ per H.P. per month for each month of the year or \$12.00 per H.P. per year.

Schedule B - Service Plus Energy Charge:

Installations of	1 to	49 HP rated capacity	1 1/2¢ per K.W.H.
"	"	50 to 99 " " " "	1 1/4¢ " "
"	"	100 and over " " " "	1¢ " "

Energy charge plus a service charge of \$1.00 per month per HP of rated capacity for 12 months per year, or \$1.25 per month per HP of rated capacity for each of six or more specified months. Energy charge for months not so specified as follows:

Installations of	1 to	49 HP rated capacity	2 1/2¢ per KWH.
"	"	50 to 99 " " " "	2 1/4¢ " "
"	"	100 HP or over" " " "	2¢ " "

Flat rate schedule for agricultural service \$50.00 per HP per year with various lesser charges for short season business.

In view of the fact that the above optional power rates were not attacked by complainant, and the further fact that they contain no objectionable features and are fairly proportionate to the cost of service, I shall recommend that no change be made in power schedules at this time except as follows:

(1) The consumer shall have the option of combining power of less than 3 horse-power with lighting at the lighting rates and at the lighting minimum, or of requiring separate power and lighting meters for each service at the rates and minimum charges applicable thereto.

(2) In the case of new consumers, the defendant shall have the option of supplying either single phase or three phase current to power installations of less than 3 horse-power.

I find as a fact that the present rates for general lighting and for municipal street lighting in Salinas are excessive and that the following rates are just and reasonable rates to be charged by defendant to the city of Salinas and the inhabitants thereof for the respective classes of service therein designated:

Schedule "A"

General Lighting Rates.

Applicable to all lighting installations served from the Salinas distribution system. (Including all lamp socket appliances).

C. R. C. Classification: Service No. 1121; Rate 0021; Serial 140821-1

First	20	K.W.H.	per month	8¢	per	K.W.H.
Next	30	"	"	6¢	"	"
Next	300	"	"	5¢	"	"
All over	350	"	"	3¢	"	"

Minimum charge \$1.00 per meter per month.

A service charge of \$1.00 will be required of all applicants for service, the same to be refunded if applicant remains a consumer of the company continuously for twelve months at one location.

Schedule "B"

Municipal Street Lighting.

Applicable to all street and other public outdoor lighting.

C.R.C. Classification: Service No. 5235; Rate 0500; Serial 140821-2

10¢ per year per watt connected.

I submit herewith the following form of order:

O R D E R.

Public hearings having been held in the above entitled proceeding, and said proceeding having been submitted, and a brief having been filed by defendant, and the case being now ready for decision,

THE RAILROAD COMMISSION HEREBY FINDS AS A FACT that defendant's existing rates for electric energy distributed to the city of Salinas and the inhabitants thereof are unjust and unreasonable in so far as they differ from the rates herein established, and the Railroad Commission further finds as a fact that the rates herein established are fair and reasonable rates for electric energy distributed by defendant to the city of Salinas and to the inhabitants thereof.

Basing its decision on the foregoing findings of fact and on the further findings of fact which are contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that COAST VALLEYS GAS AND ELECTRIC COMPANY be and the same is hereby directed to establish and file with the Railroad Commission within thirty (30) days from the date of this order the following rates for electric energy supplied to the city of SALINAS and the inhabitants thereof:

Schedule "A"

General Lighting Rates.

Applicable to all lighting installations served from the Salinas distribution system. (Including all lamp socket appliances.)

C.R.C. Classification: Service No.1121; Rate 0021; Serial 140821-1

First	20	K.W.H.	per month	8¢	per K.W.H.
Next	30	"	" "	6¢	" "
Next	300	"	" "	5¢	" "
All over	350	"	" "	3¢	" "

Minimum charge \$1.00 per meter per month.

A service charge of \$1.00 will be required of all applicants for service, same to be refunded if applicant remains a consumer of the company continuously for twelve months at one location.

Schedule "B"

Municipal Street Lighting.

Applicable to all street and other public outdoor lighting.

C.R.C. Classification: Service No.5235; Rate 0500; Serial 140821-2

10¢ per year per watt connected.

Schedule "C"

Power Rates.

Until the further order of this Commission, Coast Valleys Gas and Electric Company may continue to charge the existing power rates applicable within the limits of the city of Salinas, with the following changes:

1. The consumer shall have the option of combining power of less than 3 horse-power and lighting at the lighting rates and at the lighting minimum, or of requiring separate power and lighting meters for each service at the rates and minimum charges applicable thereto.

2. In the case of new consumers, the company shall have the option of supplying either single phase or three phase current to power installations of less than 3 horse-power.

In all other respects the complaint in the above entitled proceeding is hereby dismissed.

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 28th day of August, 1914.

John M. Eschelman

Alfred W. Anderson

Marshall S. Shelton

Edwin W. Edgerton

Commissioners.