

ORIGINAL

Decision No. 1869

S. Raney, et al.
Complainant

vs

Case 578

San Joaquin Light and Power Corporation,
Defendant

S. Raney representing complainants.

W. A. Sutherland, of Short and Sutherland, representing defendant.

OPINION

GORDON, COMMISSIONER.

This complaint was filed for the purpose of compelling the defendant to serve the complainants with electricity for lighting and domestic and irrigation purposes. The complainants allege, in effect, that they are ranchers residing between Lemoore and Hardwick in Kings County, California, and are in need of electric power service to carry on their farming, that they submitted a petition to defendant requesting service which was refused. The complainants request that the Commission compel the defendant to extend its lines to serve the complainants and that the rates to be charged be fixed on an equitable basis.

The defendant thereafter filed its answer denying most of the material allegations of the complaint. Defendant's answer states that the complainants had not petitioned the defendant for the necessary extension of defendant's lines and denies that defendant had at any time refused to make the extension. The answer further states that upon receiving the complaint, defendant caused its agents to investigate the matter and interview the complainants to determine the nature and extent of the service desired and that from the result of this investigation the maximum estimated return to be obtained from this extension will be \$4010, based on existing rates, but that the complainants refused to enter into contracts for the delivery of power under its established schedules. Further, that the service of the complainants would require the construction of a 10,000

volt substation at Lemoore at a cost of approximately \$4000. and 15 miles of primary distribution lines at a cost of \$12,000. for which a maximum return under existing rates of not to exceed \$4150. would be obtained.

The hearing in this case was held in the town of Hanford on June 1, 1914. It appeared at the hearing that nineteen of the complainants signified their willingness to contract with the company for power aggregating \$2070. per year, subject to the condition that the rates be fixed by the Commission. The Floribel Farming and Cattle Company, which will probably use in excess of \$1500 worth of energy per year, was not represented at the hearing and no reply was received by the Commission to a written inquiry addressed to this alleged prospective consumer.

The territory to be served is located in Sections 5, 6, 7, 8, 18 and 19 Twp. 18 S; R 21 E and Sections 11, 12, 13, 23, 24, 25, 26 and 27 Twp. 18 S; R 20 E, Mt. Diablo, Meridian and Base line.

With the exception of the Floribel Farming and Cattle Company's property and the ranches of C. Railsback and L. E. Hall practically all of the land is at present irrigated from either the Last Chance or Lemoore Canal and Irrigation Company's systems. The crops raised are alfalfa, fruit and grapes. The cost of water from the ditches amounts to a purchase of stock at \$6 per acre and an annual charge for water of 75¢ per acre. Testimony was given, on behalf of defendant, to the effect that there had been little success in obtaining good wells but I am reluctant to believe that sufficient well water cannot be obtained in this district if proper development methods are observed.

The construction necessary to give the requested service consists of 11-3/4 miles of main line extension along public roads at an estimated cost of \$9452.10 and branch extensions to pumping plants and houses of \$3939.81, making a total local investment, not including transformers, of \$13,391.91. In addition to this cost the defendant's Assistant General Manager stated that a substation would be required at Lemoore at a cost of \$6000.

From testimony of the defendant's representative it appears that the company had heretofore authorized and approved the construction of a 10,000 volt tie line from Caruthers through Riverdale to Hardwick to better their service

conditions and to serve the towns of Riverdale and Hardwick and intervening territory. The estimated first year's revenue from this extension is \$3500.00 and the cost is estimated at \$15,000.00. I am led to assume that actual construction was commenced and that the work was subsequently discontinued. While the reason given by defendant for the cessation of work on the Carauthers extension is lack of funds, it is not entirely clear to my mind just how this can be expected to be viewed by the Commission as a valid excuse for neglect on the part of defendant to properly and adequately discharge its full duty as a public utility. Particularly would this be true if the earnings of a company were shown to be adequate to provide for such extensions to facilities and improvements to service as may be reasonably necessary.

// This case brings up several peculiar conditions. The territory to be served is in large portion irrigated from the present canal systems at what seems to be a reasonable rate. The power requirements appear to be limited to about 200 horsepower in motors and 20 or more lighting consumers requiring extension of approximately 11-3/4 miles of line in addition to some 20 probable consumers in the town of Hardwick and immediate vicinity requiring distribution lines in that community, which is now totally without electric service. Under the existing rates of the company it appears that certain of the complainants refuse to contract for service but request that the Commission put the rates on an equitable basis and it does not appear entirely clear as to whether or not certain other complainants are willing to take electric energy from the defendant corporation at the existing rates pending a final adjustment thereof by the Commission. Considering the fact that the Commission has made no investigation involving the present rates of defendant, it would of course be impossible, upon the evidence introduced thus far, to order the extension of defendant's lines and facilities to serve complainants upon any other than the rates and regulations legally in effect. On the other hand the evidence shows that defendant has constructed its lines on all sides of the district involved in this case, including the town of Hardwick, in such a manner as to preclude the possibility of profitable operation by any other utility which might be willing otherwise to enter the field. Under the circumstances it is clearly the duty of defendant to serve the entire territory dependent upon it for such service irrespective of

the fact that certain districts may be less profitable than others. Obviously the rates for electric energy are not based on the cost of service to each individual consumer but are based rather upon the average cost of serving all consumers of a given class and while it must be admitted that the business of defendant when considered as a whole cannot be conducted at a loss it does not necessarily follow that investments to serve all individual consumers or groups of consumers will show the same percentage of profit. Rates based upon any other theory would result in special rates to each consumer which is entirely impracticable from an operating point of view and would necessitate the constant revision of rates to avoid serious discriminations.

Considering the problem involved from all points of view I find that under the circumstances of this case defendant should make the necessary extensions to its lines and provide the necessary facilities to serve each of the complainants, provided that the complainants will agree to receive and pay for the service at the rates and under the terms and conditions which are now legally in effect until such time as the Commission after investigation shall establish rates for such service. I therefore recommend that defendant be directed to make all necessary extensions to its lines and wires, furnish the necessary facilities and supply electric service at its own expense as follows:

(a) To each of complainants requiring service primarily for power purposes provided that not less than fifteen (15) of said complainants or other persons under like circumstances will agree to receive and pay for such service and provided further that the total guaranteed annual revenue from this class of consumers shall equal or exceed the sum of \$4000.00

(b) To each of complainants requiring service primarily for domestic or lighting purposes provided that defendant shall not be required to supply service to any of the complainants where the annual guaranteed revenue is less than \$24.00 and provided further that defendant may call to the attention of the Commission any particular instance where the probable revenue to be derived will not warrant the investment considering all the circumstances, including the cost of service to all consumers of this class.

(c) To the inhabitants of the town of Hardwick and immediate vicinity provided that not less than twenty (20) prospective consumers of electric energy for lighting and power purposes will agree to take service from defendant

and provided further that the total annual guaranteed revenue shall equal or exceed the sum of \$1000.00.

Inasmuch as there is not sufficient information at this time upon which to determine the reasonableness of the rates charged by defendant for electric energy, I would recommend that the Commission's present order in this case be confined to the question of whether or not service should be supplied by defendant at existing rates. I would further recommend that the question of the reasonableness of the rates charged by defendant be considered in connection with other cases now pending before the Commission and that the final decision in this case in the matter of rates be reserved until the Commission has completed its investigation and has established rates for the character of the service involved.

I submit herewith the following form of order:

C R D E R

A public hearing having been held in the above entitled case and the same having been submitted and being now ready for decision and the Commission finding as a fact that San Joaquin Light and Power Corporation should extend its lines and provide the necessary facilities to serve the complainants and certain residents of the town of Hardwick with electric energy for domestic and power purposes, and basing its order upon the foregoing findings of fact and on the additional findings which are contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that San Joaquin Light and Power Corporation be and the same is hereby directed to extend its lines and wires, provide the necessary facilities and supply service at the present rates and under the existing rules and regulations applicable thereto and on file with the Commission, as follows:

1.- To each of complainants requiring service primarily for power purposes, provided that not less than fifteen (15) of said complainants or other persons under like circumstances shall agree to receive and pay for such service, and provided further that the guaranteed annual revenue from this class of consumers shall equal or exceed the sum of four thousand (\$4000.00) dollars.

2.- To each of complainants requiring service from rural lines primarily for domestic or lighting purposes, provided that defendant shall not be required to supply service hereunder in any instance where the guaranteed annual

revenue is less than twenty-four (\$24.00) dollars and provided further, that defendant may bring to the attention of the Commission for further investigation and order any particular instance where the probable revenue to be derived from service under this subdivision will not warrant the investment necessary to serve considering all the circumstances including the cost of service to all consumers of this class.

3. To the inhabitants of the town of Hardwick, and immediate vicinity, provided that defendant shall not be required to supply service hereunder unless at least twenty persons will agree to take and pay for such service and that the guaranteed annual revenue shall equal or exceed the sum of one-thousand (\$1000.00) dollars.

AND IT IS FURTHER ORDERED that if any apparently unreasonable delays be incurred in the execution of this order complainants or any of them may make further representations to this Commission.

It is to be distinctly understood that service hereunder shall be supplied by defendant at the present rates and under the existing rules and regulations applicable thereto on file with the Commission or duly authorized revisions thereof, except as to such modifications as may be specifically authorized hereby, pending the investigation and findings to be made by the Commission as to rates and conditions of service applicable to the territory involved in this case, which investigation and findings will be made in connection with Case No. 655 now regularly before the Commission.

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 13th day of October, 1914.

W. H. Cleveland
W. H. Gordon
W. H. Thelen
Commissioners