

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

Supplementary Application No. 572.

In the matter of the application
of the Half Moon Bay Light and
Power Company to substitute cer-
tain rates for power service.)

Decision No. 1989

Appearances

J. O. McElroy for Applicant

LOVELAND: Commissioner.

OPINION

This is an application by the Half Moon Bay Light and Power Company for permission to suspend as to the Western Hydrated Lime Company the power rate fixed by this Commission in its decision Number 915, and to substitute therefor the power rate in effect prior to above decision.

On October 31, 1912, applicant entered into a three-year contract with the Western Hydrated Lime Company, hereafter referred to as the consumer, whereby it agreed to furnish electric service to the latter's sand hoist located at Montara where the consumer has installed a 40 horse power motor. The contract rate was in accordance with the regular power schedule then on file with this Commission, as follows:

TABLE I-

POWER RATES OF THE HALF MOON BAY LIGHT AND POWER COMPANY
October 31st, 1912

4 ¢	per K.W.H.	for the first	100 K.W.H.	per month
3-1/2 ¢	"	" " next	200	" " "
3 ¢	"	" " "	200	" " "
2-1/2 ¢	"	" " "	500	" " "
2-1/4 ¢	"	" " "	1000	" " "
2 ¢	"	" " "	2000	" " "

Minimum \$1.00 per month per H.P.

The contract provided further that the energy should be delivered and metered at 11,000 volts, which necessitated the purchase of line transformers by consumer at an investment of some Seven Hundred (\$700.) Dollars. This is contrary to applicant's usual practice, being the only case in which the utility has not supplied transformers. On or about August 1, 1913, the consumer contracted to sell a certain quantity of sand each year for twelve years thereafter. Due to competitive conditions the margin of profit in this contract was slight and the cost of energy the largest item entering into the total cost of sand delivered. The consumer's basis for determining energy cost was his contract with applicant previously referred to, under which he had been operating for some time.

The use of electric energy at consumer's plant during nine months of the year 1913 was as follows:

TABLE II.

USE OF ELECTRIC ENERGY BY WESTERN HYDRATED LIME CO.

SAND PLANT YEAR 1913.

<u>Month</u>	<u>Consumption</u>	<u>Bills</u>
January	1168 K.W.H.	\$ 40.00
February	2280 "	57.65
March	1440 "	40.00
April	1860 "	48.85
May	2400 "	60.00
June	1260 "	40.40
July	-	-
August	2370 "	59.40
September	2640 "	64.80
October	2520 "	62.40
November	-	-
December	-	-
Total 9 months	17,938 "	\$ 473.50

On August 1, 1913, the Half Moon Bay Light and Power Company applied to this Commission to raise certain of its rates, among which was the power schedule contained in this contract. Notice of the hearing was sent to the consumer, but stated, however, that application had been made to raise rates for agricultural service which would not affect him. Due to this defective notice the consumer was not represented at the hearing, at which time the rates of applicant were investigated and increased power rates fixed.

At the average annual consumption of this plant the contract rate is approximately 2.6 cents per K.W.H. The increased rate granted by the Commission's order in this application amounts to about 4.5 cents per K.W.H., at the same consumption, which increase would be disastrous to consumer's business whose contracts for sand were based on the contract rate hereinbefore referred to. Applicant, appreciating the injustice of increasing this consumer's rate under the circumstances above outlined, now ask^s authority to restore the original contract rate.

In connection with recent investigations heretofore made by the Commission it developed that the cost of energy supplied by petitioner to installations of similar size and character where the transforming equipment was supplied by the company, was as follows:

TABLE III.

COST OF ENERGY

Demand Cost	\$ 8.50 per H.P. per year
Energy Cost	.013 " K.W.H.

The above rate would correspond to approximately 2.72 cents per K.W.H. under the average operating conditions at the plant of the Western Hydrated Lime Company. Inasmuch as the difference between the

contract rate hereinbefore referred to and the rate shown in Table III, which the Commission has since found to be reasonable, may well be justified under the circumstances of this case where the consumer has himself furnished the transformers and received energy at 11,000 volts, I can see no reason why the contract should not be permitted to remain effective.

In view of the above I believe that the application should be granted. While granting this application I desire to impress strongly upon this applicant the necessity for uniformity in its rates and practices which have heretofore been extremely flexible.

I recommend the following form of order:

ORDER

The Half Moon Bay Light and Power Company, having applied to this Commission for permission to suspend as to the Western Hydrated Lime Company its regular rates for power service and to serve said company according to its contract therewith; and a public hearing having been held and the Commission being of the opinion that this application should be granted,

IT IS HEREBY ORDERED that the Half Moon Bay Light and Power Company be and is hereby authorized to serve the Western Hydrated Lime Company according to the rate and during the term as specified in the contract between said parties dated October 31, 1912. That after the expiration of this contract, applicant shall serve (if consumer desires service) at the regular rates then in effect for this class of service.

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
December, 1914.

H. D. Overland

Alex. Gordon

Edwin C. Edgerton

COMMISSIONERS