

Decision No.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

Decision No. 2520

In the Matter of the Application)	
of Pacific Light and Power Cor-)	
poration for the establishment of)	Application No. 1412
rates for electricity at Big)	
Creek.)	

S. M. Easkins for petitioner.

THELEN, Commissioner.

O P I N I O N

This is an application by Pacific Light and Power Corporation for authority to increase the rates for electric service supplied by it at Big Creek in Fresno County.

It appears that petitioner owns a certain hydro-electric plant at Big Creek which was constructed by the Stone and Webster Construction Company. The construction work at the Big Creek plant was started during the winter of 1911-1912 and the plant was turned over to the owners about June, 1913. During the construction period referred to, electric energy was utilized for power purposes by the Stone and Webster Company and, incidently thereto, electric lights were supplied to the various buildings of the construction camp. To furnish

electric lighting service to its construction camp, the Stone and Webster Company ran certain wires, suspended mostly from trees, to the various points where the lights were to be utilized. Due to the fact that a large force of men were engaged upon the work referred to for a period of approximately two years, other persons than the Stone and Webster Company's employees located at Big Creek and these people requested electric service, which service, in several instances at least, was supplied to them by the Construction Company at a straight meter rate of 8 cents per kilowatt hour or a flat rate of 35 cents per month per 16 candle power lamp. Upon the completion of the Construction Company's work at Big Bend during the summer of 1913, the electric service theretofore supplied by the Stone and Webster Company to persons other than its employees was continued by petitioner at the same rates until about June 1914, when petitioner, without authorization from this Commission as required by law, arbitrarily raised said rates to those shown in the following tabulation:

TABLE I.

INCREASED RATES FOR
ELECTRIC SERVICE AT BIG CREEK

First	25 K.W.H. at 15¢	per K.W.H.
Next	25 K.W.H. at 14¢	per K.W.H.
Next	25 K.W.H. at 13¢	per K.W.H.
Next	25 K.W.H. at 12¢	per K.W.H.
Next	50 K.W.H. at 11¢	per K.W.H.
Next	50 K.W.H. at 10¢	per K.W.H.
All over	200 K.W.H. at 9¢	per K.W.H.

Minimum bill to be on the basis of 10¢ per lamp
 Minimum bill in any instance \$2.00 per month.

TABLE I. (Cont'd.)

INCREASED RATES FOR
ELECTRIC SERVICE AT BIG CREEK

For Power

First	25 K.W.H.	at 12 c	per K.W.H.
Next	25 K.W.H.	at 11 c	per K.W.H.
Next	25 K.W.H.	at 10 1/2 c	per K.W.H.
Next	25 K.W.H.	at 9 1/2 c	per K.W.H.
Next	50 K.W.H.	at 8 1/2 c	per K.W.H.
Next	50 K.W.H.	at 8 c	per K.W.H.
All over	200 K.W.H.	at 7 c	per K.W.H.

Minimum bill to be based upon \$2.00 per H.P.
for connected load.
Minimum monthly bill \$2.00

The establishment by petitioner of the rates shown in Table I. has resulted in a general increase of from 50 per cent to 100 per cent in all rates theretofore charged by it for electric service supplied at Big Creek.

In addition to asking the approval by this Commission of the increased rates so established, petitioner requests authority to make effective certain rules and regulations as follows:

TABLE II.

PROPOSED RULES AND REGULATIONS

1. All necessary line extensions to consumers residing within 100 feet of the company's existing mains will be made at the company's expense.
2. All line extensions in excess of 100 feet of the company's existing mains shall be paid for ~~by consumer, and~~ in the event that consumer desires the company to maintain such additional extensions, then the extension will automatically become the property of the company.

PROPOSED RULES AND REGULATIONS

3. Any consumer using service for periods of one, two or three months during the summer, shall deposit in advance with the company a sum sufficient to cover the cost of the probable consumption during this period at the established rates, which sum shall in no instance be less than the monthly minimum times the number of months used.

Petitioner attempts to justify the increase of rates at Big Creek by the contention that the Superintendent of Stone and Webster Construction Company had violated specific instructions not to furnish electric service except to its employees, which violation was not discovered by petitioner until after the Construction Company had completed its work and until after complaint regarding the rate increase was made to this Commission by one of petitioner's consumers at Big Creek. It is further explained that the rates formerly charged by the Stone and Webster Company were continued by petitioner's employees through mistake.

In support of the application for authority to increase the rates and establish certain rules and regulations, petitioner alleges that, owing to the high elevation (approximately 7,000 feet) and the severe climatic conditions existing at Big Creek, the cost of serving the few consumers, whose demands are largely of a seasonal nature, is excessive and that even at the advanced rate put into effect in 1914 the service is supplied at a loss.

The investment of petitioner in distributing lines and accessory equipment is claimed to be as follows:

TABLE III.

STATEMENT OF DISTRIBUTION CAPITAL
IN CASCADE DISTRICT
BY PACIFIC LIGHT AND POWER CORPORATION

Investment:

Poles and Fixtures	\$ 263.35
Overhead System	789.06
Line Transformers & Devices	610.85
Services	335.41
Meters	<u>213.51</u>
Total	\$2 212.18

In connection with the statement of capital shown in Table III. it would appear that this statement covers the entire original cost of petitioner's distributing lines and equipment including that installed by the Stone and Webster Company for service to its employees and for lighting its construction camp at Big Creek. Under such circumstances it would seem that a large part of this capital is chargeable to, and is in all probability included in, the cost of the Big Creek plant. At any event it is clearly improper to charge to a few isolated consumers an investment which, upon petitioner's own statement, was made for an entirely different purpose and which purpose has already been accomplished.

Petitioner's statement of operating revenue and expenses is given in the following table:

TABLE IV.

INCOME ACCOUNT - CASCADA DISTRICT

1.	<u>Gross Revenue</u>		\$614.64
2.	<u>Operating Expenses</u>		
	(a) Superintendence	\$ 28.66	
	(b) Reset. and Removing Transformers and Meters	10.55	
	(c) Electric Meter Operations	9.04	
	(d) Commercial Incandescent Lamp Installations and Renewals	9.45	
	(e) Inspection and Repairs Consumers' Installations	3.13	
	(f) General Labor and Supplies	<u>1.19</u>	
			\$ 62.02
3.	<u>Maintenance</u>		
	(a) Poles and Fixtures and Overhead System	\$ 68.45	
	(b) Line Transformers and Devices	4.54	
	(c) Station Transformers	5.02	
	(d) Services	149.90	
	(e) Meters	20.71	
	(f) Miscellaneous	<u>.26</u>	
			\$ 248.88
4.	<u>General & Commercial Expenses</u>		122.00
5.	<u>Depreciation</u>		133.88
6.	<u>Taxes 4.6% of Gross</u>		<u>29.01</u>
			\$595.79

Owing to the lack of detail in connection with the statement appearing in Table IV. the showing made is of little value in connection with this proceeding due to the fact that no attempt has been made to segregate costs applicable to the thirteen consumers at Big Creek from any other consumers which

may be receiving service in what is termed the Cascada District. It is also reasonable to suppose that a considerable number of the camp buildings erected at Big Creek by the Construction Company are now vacant and probably others are being used by petitioner for store houses, machine shops, employees' quarters, etc. Undoubtedly such of the buildings as are now used are furnished with electric lighting service by the same facilities which supply the several patrons of petitioner who are not in its employ, and no segregation of either investment or expense has been made which will show the relative cost of the free service to employees and that cost properly chargeable to other consumers at Big Creek.

In connection with the maintenance expense charged and depreciation claimed by petitioner in the Cascada District as shown in Table IV., I desire to call particular attention to Items 3(a), 3(d) and 3(e), which indicate that the cost of maintaining "Poles and Fixtures and Overhead System", "Services", and "Meters" amounts to 6.45 per cent, 44.85 per cent and 9.7 percent respectively of the investment claimed. The first item, 3(a), appears high even under the severe climatic conditions alleged to exist at Big Creek; the second item, 3(d), is undoubtedly excessive under any possible conditions, and the third item, 3(e), can hardly be justified by the facts disclosed from evidence introduced at the hearing. A careful consideration of the matter of the maintenance cost claimed by petitioner, convinces me that with the expenditures shown in Table IV. each item of distribution equipment would be replaced at

least once, and in the case of services not less than six times through maintenance before the expiration of its natural life, and under these circumstances it would be unnecessary to consider the matter of depreciation in connection with such facilities.

In view of all the facts as presented, there can be no escape from the conclusion that petitioner, whatever may be the justification for higher rates at Big Creek if all the facts were known, has failed to show that an increase is warranted or should be permitted at this time, and I will accordingly recommend that petitioner's application for permission to establish rates in excess of those in effect at the time the Stone and Webster Construction Company completed its work at Big Creek, and to put into effect certain rules and regulations, be denied without prejudice.

As to the increased rates heretofore established by petitioner for electric service at Big Creek, it is admitted that such increases were made without application to, or authority from, this Commission as specifically required by Section No. 63, Public Utilities Act, and in view of the fact that the only legal rates applicable to service supplied at Big Creek were the rates actually in effect at the time petitioner commenced operations at that place, it will be necessary that petitioner refund to its several consumers all amounts collected by it in excess of the lawful rates as herein indicated, and I recommend that the Commission's order specifically require such refunds.

I submit the following form of order:

C R D E R

A public hearing having been held in the above entitled proceeding and the same having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that the above entitled application be and the same is hereby dismissed without prejudice, and

IT IS FURTHER ORDERED that within twenty (20) days from the date of this order, Pacific Light and Power Corporation shall refund to its consumers all amounts collected by it for electric service supplied at Big Creek in excess of those amounts due under the rates in effect in June 1913, and that a true and correct statement showing in detail the refunds made under this order shall be filed by Pacific Light and Power Corporation with this Commission not later than thirty (30) days from the date hereof.

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 25th day of June, 1915.

Man Steiner

[Faint circular stamp]

Erwin O. Eyster

Harold D. DeWitt