

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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GEORGE B. Mac GILLIVARY, et al.)

Complainants,)

vs.)

Case No. 737

THE CORONA GAS AND ELECTRIC LIGHT)
COMPANY, a corporation,)

Defendant.)

G. R. Freeman, for Complainants

I. B. Potter, for Defendant.

LOVELAND, Commissioner.

O P I N I O N

This is a complaint by George B. Mac Gillivary and other residents of the City of Corona against the rates for electric service in that community.

The complaint in this proceeding, filed on December 21, 1914, alleges in part that the rates charged by Corona Gas and Electric Light Company for electric service supplied by it to the inhabitants of the City of Corona are excessive, unjust, unreasonable and discriminatory, and the Commission is asked to establish proper rates for such service.

Defendant in its answer denies that the rates charged and collected by it in the City of Corona are ex-

cessive, unreasonable, or otherwise improper, and alleges, in effect, that its present earnings in the City of Corona are not sufficient to yield a reasonable return on the value of its properties in that city after making due and proper allowance for operating expenses and depreciation.

The rates for electric service in effect in the City of Corona prior to January 1, 1915, and which are alleged in the complaint to be excessive and discriminatory are as follows:

TABLE I.

ELECTRIC RATES

CORONA GAS AND ELECTRIC LIGHT COMPANY

December 21, 1914.

A. Schedule for rates for lighting service, per month:

For the first 100 K.W.Hours, per month, per K.W.Hour	\$.10
For the next 100 K.W.Hours, per month, per K.W.Hour	.08
For the next 100 K.W.Hours, per month, per K.W.Hour	.07
For the next 200 K.W.Hours, per month, per K.W.Hour	.06

All additional electrical energy used in excess of 500 K.W.hours, at 5¢ per K.W. Hour.

Minimum charge per month, \$1.00.

Provided, however, that when bills for electricity furnished for lighting purposes during the preceding month are not paid on or before the 10th day of the month in which such bills are rendered, then the said rates shall be as follows:

For the first 100 K.W.Hours, per month, per K.W.Hour	\$.12
For the next 100 K.W.Hours, per month, per K.W.Hour	.10
For the next 100 K.W.Hours, per month, per K.W.Hour	.09
For the next 200 K.W.Hours, per month, per K.W.Hour	.08

8, 16, and 32 candle power carbon filament lamp renewals are to be furnished free by the person, firm or corporation supplying the electricity for light service upon receipt of the burned out lamps, and these renewals are taken into consideration in the fixing of the above rates.

B. Schedule of rates for heating and cooking service, where a special meter is installed, per month, per K.W.Hour 4½¢.

Minimum monthly bill \$1.50.

TABLE I. (Con'd.)

ELECTRIC RATES

CORONA GAS AND ELECTRIC LIGHT COMPANY

December 21, 1914.

C. Schedule of rates for power service per month.

Small motors; Block system;

First 100 K.W.Hours, per month, per K.W.Hour	\$.07
Next 100 K.W.Hours, per month, per K.W.Hour06
Next 100 K.W.Hours, per month, per K.W.Hour05
Next 100 K.W.Hours, per month, per K.W.Hour04
Next 200 K.W.Hours, per month, per K.W.Hour03½
Next 400 K.W.Hours, per month, per K.W.Hour03
Next 1000 K.W.Hours, per month, per K.W.Hour02½

All energy used in excess of 2,000 K.W. Hours, per month, per K.W. Hour, \$.02

Monthly minimum \$1.00 per H.P. per month connected load from 2 H.P. to and including 10 H.P.; for each additional horse power in excess of 10 Horse Power, 50¢ per H.P. per month.

D. Rates for six months' power service.

Motors smaller than 15 H.P. at the rate of 3¢ per K.W. Hour. Motors of 15 H.P. and over, at the rate of 2½¢ per K.W. Hour. Provided that all power furnished under Class "D", the minimum rate shall be \$15.00 per month for at least six months' time guaranteed. When a consumer agrees to a monthly minimum of \$100.00 for six months in each year, at rate of 2¢ per K.W. hour.

Provided, however, that when bills for electricity furnished for power purposes under schedules "C" and "D" during the preceding month in which the bills are rendered, then 10 per cent. of the bills shall be added to the amount of the bill.

E. Rates for yearly power:

Rates shall be the same as set forth in Schedule "C" herein. At the option of the consumer, he may contract to take power yearly. The minimum charge shall be \$12.00 per H.P. connected load per year.

Corona Gas and Electric Light Company was organized in July, 1903, with an authorized capitalization of \$50,000.00. In September, 1903, contracts were awarded for steam and electrical equipment and for the laying of gas mains. During the month following, the company acquired a franchise in the City of Corona. In December, 1903, contracts were awarded for ice plant equipment, and the company engaged actively in this business for some time in addition to the supplying of gas and electricity in the City of Corona. During 1911 the stock of the Corona Gas and Electric Light Company was purchased by The Southern Sierras Power Company, and subsequently the gas plant and system was sold to the Southern California Gas Company, and the ice plant was leased to the National Ice Company at an annual rental of \$1000.00. At the present time Corona Gas and Electric Light Company is engaged only in the business of distributing electrical energy purchased from Pacific Light and Power Corporation under the terms of a contract which expires on March 30th, 1916.

The estimated cost new and the estimated present value, depreciated on the straight line basis, of the electric properties of the Corona Gas and Electric Light Company, as shown by an appraisal report prepared by H. P. Gillette on March 31st, 1914, are shown in the following table.

TABLE II.

ESTIMATED COST NEW

and

ESTIMATED PRESENT VALUE

CORONA GAS AND ELECTRIC LIGHT COMPANY

March 31, 1914.

<u>Classification</u>	<u>Cost New</u>	<u>Present Value</u>
Organization	\$ 3,180	\$ 3,180
Franchise	650	546
Land	1,000	1,000
Poles and Fixtures	14,052	8,647
Wire	7,097	6,387
Insulators	474	474
Terra Cotta Bldg.	6,426	5,398
Fencing (Board)	126	118
Guard Pipe Railing	256	174
Sub-Station Equipment	6,150	4,920
Miscellaneous Equipment	415	207
Line Transformers & Devices	3,193	2,129
Electric Services	3,858	2,893
Meters	9,685	6,457
Wire	1,391	1,252
Lamps and Fixtures	2,101	1,226
Office Equipment	383	332
Store Equipment	150	130
Engineering & Superintendence	2,301	2,013
Law Expense	500	437
Misc. Const. Expenditure	2,000	1,750
Interest During Const.	2,615	2,615
Total (Fixed Capital)	\$ 68,001	\$ 52,280
Cash and Deposits	4,000	4,000
Ice Plant	3,122	1,561
Material and Supplies	3,380	3,380
Unamortized Disc. on Sec.	3,400	3,060
Other Suspense - A	25,000	25,000
- B		10,813
GRAND TOTAL	\$106,903	\$100,094

The cost of service in Corona for the year 1914 has been analyzed by defendant as follows:

TABLE III.

COST OF SERVICE

as reported by

CORONA GAS AND ELECTRIC LIGHT COMPANY

Year 1914

	<u>Dec. 31, 1914</u>
Investment	94,241.75
Fair Return 10%	9,424.17
Depreciation	1,800.00
Production Expense	6,851.62
Distribution Expense	3,215.15
Commercial Expense	3,577.90
General Expense (incl. Taxes, etc.)	5,518.48
Total Cost	30,185.30
Operating Revenue	24,052.69
Net Loss	6,132.61
Cost per K.W.H.	.09190506
Revenue per K.W.H.	.07323313
Net Loss per K.W.H.	.01867193

On January 1, 1915, Corona Gas and Electric Light Company voluntarily reduced its rates for electric energy in the City of Corona to those rates and charges shown in the following table:

TABLE IV.

RATES FOR ELECTRIC SERVICE

CITY OF CORONA

Effective January 1, 1915.

Electric Lighting

For the first 100 Kilowatt Hours per month	10¢	per	Kilowatt	Hour
" " next 100 " " " "	8¢	"	"	"
" " " 100 " " " "	7¢	"	"	"
" " " 200 " " " "	6¢	"	"	"
All Over 500 " " " "	5¢	"	"	"

Monthly Minimum Charge \$1.00

PROMPT PAYMENT DISCOUNT:

When bills accruing under this Schedule are paid on or before the 12th of the month following that in which the service is rendered, a discount of 10% will be allowed from the bill, except that no discount will be made from minimum charges.

Electric Heating and Cooking

Rate 4¢ per Kilowatt Hour.
 Minimum Monthly Charge \$1.50

TABLE IV. (Con'd.)

RATES FOR ELECTRIC SERVICE

CITY OF CORONA

Effective January 1, 1915.

Electric Power

For the first	next	100 kilowatt hours per month	7¢ per kilowatt hour
"	"	100	6¢
"	"	100	5¢
"	"	100	4¢
"	"	200	3½¢
"	"	400	3¢
"	"	1000	2½¢
In excess of 2000			2¢

MINIMUM: \$1.00 per month per horsepower of Consumer's Motors installed, up to 10 horsepower.

In excess of 10 horsepower, at 50¢ per month per horsepower of Consumer's Motors installed.

Lowest Monthly Minimum Charge \$2.00

After a careful investigation of the investment of defendant, and disregarding entirely all intangible values claimed by defendant, it is apparent that the revenues received from the City of Corona under the present operating conditions will not yield more than a reasonable return upon the value of the property of Corona Gas and Electric Light Company used and useful for, or in connection with, the furnishing of electric service to the inhabitants of that community.

In view of the facts as stated above, I find as a fact that the City of Corona and the inhabitants thereof have

no just cause for complaint and I accordingly recommend that the complaint be dismissed without prejudice.

I submit herewith the following form of order:

O 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 complaint in the above entitled proceeding be, and the same is hereby dismissed without prejudice.

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 31st day of July, 1915.

Max Thelen
H. H. Howard
W. G. Gordon

COMMISSIONERS.