

ORIGINAL

Decision No. ✓

Decision No. 3097

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
of TOWN OF UKIAH CITY for an order
approving increase in rates charged
by it for electric energy to its
customers without its corporate
limits

Application No. 1850

Charles M. Mannon, City Attorney, for
applicant.
F. A. Brush for Ukiah Water and Improve-
ment Company.

BY THE COMMISSION.

O P I N I O N

By this application the Town of Ukiah City, a municipal corporation of the sixth class, asks authority of the Railroad Commission to increase rates to be charged by it for electric energy ~~furnished to its municipally owned~~ distributed over its municipally owned system, to territory outside of the city limits.

The City contemplates a change in both lighting and power rates. It will not be necessary, however, to particularly consider lighting rates herein for the reason that the only customers served beyond the city limits are users of power. Only one of these, Ukiah Water and Improvement Company, will be adversely affected by the rate requested.

The following tables show the present and the proposed schedules of rates for energy furnished for power purposes:

PRESENT SCHEDULE

<u>Size of Installation</u>	<u>1st 100 KWH per H.P. per month</u>	<u>2nd 100 KWH per H.P. per month</u>	<u>Over 200 KWH per H.P. per month</u>
1 H.P. or less	4¢	3¢	2¢
Over 1 H.P. inc. 5 H.P.	3½¢	2-3/4¢	2¢
Over 5 H.P. inc. 10 "	3¢	2-1/2¢	1-1/4¢
Over 10 H.P. inc. 20 "	2-1/2¢	2¢	1¢
*All over 20 H.P.	1-1/2¢	1¢	3/4¢

"Minimum bill \$1.00 per month per H.P. installed."

PROPOSED SCHEDULE

<u>Size of Installation</u>	<u>1st 40 KWH per H.P.</u>	<u>All over 40 KWH per H.P.</u>
Less than 2 H.P.	4¢	3¢
2 to 10 H. P.	3-1/2¢	2-1/2¢
10 to 30 H. P.	3¢	2¢
30 to 50 H. P.	2¢	1-1/2¢
*Over 50 H.P. 2,300 volt service only, 1-1/2¢ KWH		

"Minimum charge 50 cents per month per H.P. installed."

The city purchases current from the Snow Mountain Water and Power Company metered at its switchboard substation in Ukiah under a schedule of rates fixed pursuant to Decision No. 1309, in Case No. 483, Town of Ukiah v. Snow Mountain Water and Power Company, Vol. 4, Opinions and Orders of the Railroad Commission of California, p.293. This schedule is upon a sliding scale, which varies from 2.9514¢ to 1.1754¢, depending upon the amount of energy consumed. The average rate paid by the city under this schedule for the fiscal year ending June 30, 1915, was 1.374¢ per kilowatt hour, its total consumption having amounted to 780,683 kilowatt hours. Of this current purchased from the Snow Mountain Water and Power Company, the city sold and delivered over 26½ per cent to Ukiah Water and Improvement Company, being 205,620 kilowatt hours metered at its station, at an average price of .992 cents per kilowatt hour. The company paid for current the sum of \$2,035.83.

For this it would have paid at the proposed new rate \$3,097.81 gross, or an increase of \$1,063.98.

Previous to the decision of the Commission fixing this load factor rate, the City was purchasing energy on a flat rate basis at \$4.00 per month per horse power of maximum demand, the load being largely lighting, with an inherent load factor of some 30 per cent. The City, in order to fill up the valley or off peak period, sold energy to the Ukiah Water and Improvement Company at a rather low rate as follows:

1st 100 K.W.H. per H.P. per month	- - - - -	1-1/2¢
2nd 100 K.W.H. per H.P. per month	- - - - -	1¢
Over 200 K.W.H. per H.P. per month	- - - - -	3/4¢

This consumer operates a pumping plant driven by a 75 horse power, 2300 volt motor, by which water is pumped to a considerable height into a reservoir, from which it is distributed to the inhabitants of Ukiah for domestic purposes. The plant is located some distance beyond the City limits. Due to the unusual consumption of water per capita, the annual load factor of this plant is about 35 per cent and the monthly load factor during the summer season has been as high as 90 per cent. The reason for this difference between monthly and annual load factors is that during several winter and spring months no water is pumped, most of the water being supplied by gravity. It also has a steam plant to operate its pumps, which it could use if desired.

It developed at the hearing that the only other consumer outside the City limits is the French American Wine Company which has a 25 horse power installation, but the effect on this consumer of the proposed change in schedule, is a reduction in its rate. This is due to the fact that the annual consumption has been quite small and the consumer paid only the minimum, which in the proposed schedule, is reduced from \$1.00 to 50 cents per month per horse power.

The line supplying service to the Water Company is 3 phase, 2300 volts, approximately 1-3/4 miles in length and con-

sists of No. 4 wire for about half the distance and No. 6 wire for the remainder, strung on 35 foot poles. The City owns the line to the City Limits, a total of 29 poles, and the portion beyond the City limits was constructed by the Water Company, there being 15 poles in this section. The current furnished by the city is metered at the water company's station. A map filed by applicant shows that there are a considerable number of consumers supplied from this line inside the City limits so that the entire line is not chargeable to this consumer.

For this reason we have determined the local cost of primary distribution for the entire system rather than attempt to prorate this particular line to the several consumers connected thereto.

In arriving at the total cost of service to this consumer the base cost is that for energy deliverable to the Ukiah distribution system, which is the schedule rate paid by the City. The additional costs are for primary distribution, which includes a proper prorata of investment and operating expenses of switching station and primary lines; and for increase in the energy cost to cover loss in local primary distribution. The rate of return used in our ascertainment of investment cost is 5 per cent, being the rate of interest paid by the city on bonds sold to finance the original construction.

The cost of service so derived is as follows:

Annual demand charge.....	\$6.70 per horse power of installed motor capacity.
Plus energy charge.....	\$0.0117 per K.W.H.

For the consumption of the water plant for the year ending July, 1915, the above is equivalent to an average cost per K.W.H. of \$0.01415 and a total annual cost of \$2901.23.

The attitude of the city at the hearing was that it did not care to earn any profit at this time on the service to the

water plant. In fixing the rate herein we are mindful of the fact that the consumer could probably construct a line to the Talmage substation of the Snow Mountain Water and Power Company and obtain service at a rate lower than cost to the city; that it has an auxiliary steam plant which tends to limit the value of the service when compared with cost of steam operation; and also that the rate paid by the water company should be reflected in the water rates paid by the inhabitants of Ukiah.

It has not been possible to accurately determine the original cost of the system from the data available. In 1900 the city voted \$18,000 of five per cent bonds, which were sold at par and the proceeds used to build an electric generating plant and distributing system under contract by which it was to cost \$16,500. Later the machinery of the generating plant was sold for \$1,700. Practically all of the original distribution system has since been replaced. There has been no further bond issue. After its construction there was a considerable additional investment in the plant and system, the amount of which could not be shown. Therefore, the estimated cost of the portion of the system necessary to this inquiry, based on the inventory submitted by the City Electrician, has been considered in estimating return to the city as an element of cost.

The water company appeared at the hearing and stated that its present rates for water do not justify its paying an increased rate for electric energy, and that hydrant rentals have been gradually reduced by the city from \$5.00 to 25 cents per month. It also complained of serious loss through waste of water. These matters, however, cannot be properly considered under the present application relating to rates for electric energy. They are, of course, subjects for inquiry in

a suitable proceeding.

For the reasons indicated we have concluded to modify the proposed rate for installations of over 50 horsepower; but otherwise authorize the rates requested.

O R D E R .

The Town of Ukiah City having applied to the Railroad Commission for authority to increase rates for electric energy served by it beyond its corporate limits, as shown in its proposed schedule of rates for lighting and power purposes, submitted with the application, and a public hearing having been held thereon and the Commission being now fully advised in the premises, and the matter being ready for determination,

IT IS HEREBY FOUND AS A FACT that applicant's existing rates for electric energy distributed by it in territory beyond its corporate limits are unjust and unreasonable in so far as they differ from the rates herein established.

IT IS HEREBY FURTHER FOUND AS A FACT that the rates herein established are fair and reasonable rates for electric energy distributed by applicant in territory beyond its corporate limits.

Basing its order on the foregoing findings of fact and the findings of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that the Town of Ukiah City be and it is hereby authorized to establish and file with the Railroad Commission within thirty days from the date of this order, the following rates for electric energy supplied by it

to consumers outside of and beyond its corporate limits, to-wit:

SCHEDULE A--LIGHTING RATES

- 10 cents each for first 20 KWH used per month
- 7 cents each for next 30 KWH used per month
- 3 cents each for all over 50 KWH used per month

Current measured with recording watt-hour meters.
No discounts or penalties.
Minimum charge fifty cents per month.

SCHEDULE B--FLAT RATES FOR LIGHTING

Present schedule to remain in effect.

SCHEDULE C--POWER RATES.

Less than 2 H.P.--Installations of--

- 4 cents each for first 40 KWH per H.P. installed, used per month.
- 3 cents each for all over 40 KWH per H.P. installed, used per month.

Installations from 2 to 10 H.P.

- 3 $\frac{1}{2}$ cents each for first 40 KWH per H.P. installed, used per month.
- 2 $\frac{1}{2}$ cents each for all over 40 KWH per H.P. installed, used per month.

Installations from 10 to 30 H.P.

- 3 cents each for first 40 KWH per H.P. installed, used per month.
- 2 cents each for all over 40 KWH per H.P. installed, used per month.

Installations from 30 to 50 H.P.

- 2 cents each for first 40 KWH per H.P. installed, used per month.
 - 1 $\frac{1}{2}$ cents each for all over 40 KWH per H.P. installed, used per month.
- Minimum charge fifty cents per month per H.P. installed.

Primary Power Rates

Applicable to primary power installations in excess of 50 H. P.

Demand charge \$6.70 per year per H.P. of rated motor capacity, plus
energy charge 1.17 cents per KWH.

Dated at San Francisco, California, this 14th
day of February, 1916.

Max Thelen
H. St. Charles
Alfred Gordon
Edwin O. Edgerton
Frazer R. Decker
Commissioners.