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Decision No. .

ORIGINAL

Decision No. 3611

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application)	
of ANDREW SORENSON to install)	<u>Application</u>
meters and establish rates for)	
the sale of electric energy.)	<u>No. 2260.</u>

Andrew Sorenson in propria persona.

BY THE COMMISSION.

O P I N I O N

This is an application by ANDREW SORENSON, of Oakland, for authority to install meters and to establish meter rates for electric service in lieu of the flat rate charges at present in effect.

Petitioner owns a small water plant and system and an electric distribution system in the vicinity of Irving Avenue and East Twentieth Street, Oakland, Alameda County. His place of business is located at 1932 Irving Avenue.

The electric plant of petitioner consists of a 220-110 volt, three wire, secondary, electric distribution system, serving about fifty-three lighting consumers, located in the three blocks between Twenty-fourth Avenue and Twenty-sixth Avenue and between Foothill Boulevard and East Twentieth Street and the two blocks adjacent to Twenty-fifth Avenue north of East Twentieth Street, East Oakland.

The distribution lines of petitioner are constructed for the main part along the property lines in the interior of the blocks, but in a few instances they are extended along and across streets. No electric meters are installed, all present service being furnished on a flat rate basis.

The effective flat rates of petitioner on file with the Commission are as follows:

TABLE I.

PRESENT FLAT RATES
ANDREW SORENSON, OAKLAND

MINIMUM: \$1.00
(Which minimum monthly payment entitles the consumer to the use of 200 watts in lighting equipment).

EXTRAS: 12-1/2¢ for each 25 watt lamp over 200 watts.
16-2/3¢ for each 40 watt lamp.
25 ¢ for each electric iron.
Prices on other utensils on application.

Petitioner asks that the following meter rates be established in lieu of the rates above referred to:

TABLE II.
PROPOSED METER RATES
ANDREW SORENSON, OAKLAND

6 cents per kilowatt hour for first 20 kilowatt
hours per meter per month.

3 cents per kilowatt hour for all in excess.

MINIMUM MONTHLY CHARGE: \$1.00 per meter.

On April 17, 1915, in connection with Application No. 1592, the Commission's gas and electric department estimated the reproduction cost of petitioner's electric distribution system to be Nine Hundred Twenty-seven and 80/100 (\$927.80) Dollars, and in connection with the present proceeding Mr. P. J. Noerager, of the Commission's gas and electric department, after making an investigation to ascertain the additions to petitioner's plant, submitted a report showing that the estimated present reproduction cost new is One Thousand One Hundred Fifty-one and 55/100 (\$1,151.55) Dollars and that the estimated cost to reproduce, less depreciation, is One Thousand Fifty-two and 64/100 (\$1,052.64) Dollars.

Mr. Sorenson has heretofore purchased energy from Great Western Power Company at a rate of three cents per kilowatt hour, with a minimum of fifty cents per month per consumer connected. On May 27, 1916, a new contract was entered into between Mr. Sorenson and the Great Western Power Company for electric energy both for pumping purposes and for resale at the following rates:

TABLE III

RATES CHARGED BY GREAT WESTERN POWER COMPANY
FOR SERVICE SUPPLIED TO ANDREW SORENSON

2 cents per kilowatt hour for the first 4000 kilowatt
hours consumed per month.

1½ cents per kilowatt hour for all over 4000 kilowatt
hours consumed per month.

MONTHLY MINIMUM BILL: \$80.00.

The annual report submitted by petitioner for 1915 does not show operating expenses or gross revenue, but Mr. Sorenson estimates that his average monthly cost of energy for resale has been Sixty (\$60.) Dollars, and that the average gross monthly income from the electric consumers has been Eighty-three (\$83.) Dollars. Mr. Sorenson performs all the work in connection with the operation of his electric system, with the exception of the occasional hiring of a lineman for a day or so, but he apparently does not charge his own labor against the electric business. The only other item of expense in addition to the cost of energy, therefore, is the cost of materials for maintenance, which has been very small. It is impossible to determine the cost of energy, inasmuch as heretofore energy has been supplied both the electric and water companies through one meter. The only alternative, therefore, is to base the cost of energy upon Mr. Sorenson's estimate of Sixty (\$60.) Dollars per month, which, at the old rate of three cents per kilowatt hour, would indicate a monthly consumption of two thousand kilowatt hours

and which, at the new contract rate, would be approximately Forty (\$40.) Dollars per month. The probable result of the establishment of meter rates would be to eliminate waste and to greatly reduce the amount of energy consumed.

If the application is granted, Mr. Sorenson will be compelled to install meters for each of the present fifty-three lighting consumers. In most cases this will necessitate slight changes in the consumer's wiring, which is to be done at the expense of petitioner. The estimated cost of providing and installing the necessary metering facilities is Three Hundred Fifty (\$350.) Dollars.

The ordinance rates for electric energy in the city of Oakland which are charged by the Pacific Gas and Electric Company and the Great Western Power Company for domestic purposes commence at a top rate of seven (7¢) cents per K. W. H., which is considerably in excess of the proposed rates of the applicant.

It is impossible to correctly estimate the revenue which Mr. Sorenson will receive under the meter rates he proposes to charge, as no meters have been installed in the past. The flat rates in effect at the present time do not correctly distribute the expenses, owing to the fact that no effective limit is put upon the amount of energy consumed and practically all of the cost is directly proportioned to the energy consumed.

Mr. Sorenson purchases energy at a rate per kilowatt hour and it is apparent that unless a strict

account is kept, energy may be used to such an extent as to increase the cost above the revenue.

In view of the fact that the rates proposed by the applicant are not in excess of the present rates charged by other companies in this district, and further of the fact that the proposed rates will more correctly divide the cost of service between the various consumers and eliminate any possible excess use occurring under the present rates, we are of the opinion that the application should be granted under the conditions set forth in the following order.

O R D E R

ANDREW SORENSON having applied to this Commission for authority to install meters and to establish meter rates for electric service in lieu of the flat rate charges at present in effect;

And a public hearing having been held and the matter having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that Andrew Sorenson be, and he is hereby, authorized to discontinue from and after August 1, 1916, all flat rates for electric service supplied by him in the City of Oakland.

IT IS FURTHER ORDERED that Andrew Sorenson

be, and he is hereby, directed to establish and file with this Commission, on or before September 15, 1916, the following meter rates for electric service supplied by him in the City of Oakland, which rates are found to be just and reasonable under the circumstances of this particular case.

TABLE II.

PROPOSED METER RATES
ANDREW SORENSON, OAKLAND

6 cents per kilowatt hour for first 20 kilowatt hours
per meter per month.
3 cents per kilowatt hour for all in excess.

MINIMUM MONTHLY CHARGES: \$1.00 per meter.

Dated at San Francisco, California, this 31st
day of August, 1916.

Max Thelem
H. H. Howard
W. H. Gordon
Edwin V. Edgerton

Commissioners.