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Decision No. \_\_\_\_\_.

ORIGINAL

Decision No. 3953

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

Alfred N. Waite, et al.,  
Complainants,

v.

Grizzly Electric Company,  
R. B. Young, Manager,  
Defendant.

Case No. 942.

A. N. Waite for Complainants.  
L. H. Hughes for Defendant.

BY THE COMMISSION.

O P I N I O N

This is the complaint of Alfred N. Waite and other citizens of the town of Portola, Plumas County, California, alleging that the rates charged by the Grizzly Electric Company are excessive, and that discriminatory practices exist.

In its answer to the complaint defendant denies that the rates are excessive or that discrimina-

tion exists.

The Grizzly Electric Company is owned and operated by Mr. R. B. Young. The plant was placed in operation in December, 1914, energy being generated by a 50 K.W., 133 cycle, 1100 volt, single phase generator, belt driven by a 50 horsepower Fairbanks Morse oil engine. Energy is delivered to the distribution system at generator voltage, the secondary voltage being 110 volt for lighting service. The plant is intended primarily to furnish lighting and all-night service is given. It appears from the evidence that this plant was constructed largely by Mr. R. B. Young personally and no complete records of the labor and cost are available. It was agreed at the hearing that a valuation, to be made at a later date by an engineer of this Commission, would be acceptable to both parties, and should be admitted in evidence. The valuation was made by the Gas and Electric Department of this Commission and submitted subsequent to the hearing. A tabulation of this valuation is as follows:

ESTIMATED HISTORICAL REPRODUCTION  
COST OF ELECTRIC PROPERTIES  
GRIZZLY ELECTRIC COMPANY.

C- 7 Power plant buildings and general structures .....	\$ 559.00
C-12 Gas power plant equipment .....	3,668.00
C-13 Miscellaneous production equipment .....	50.00
C-14 Poles and fixtures .....	523.00
C-15 Overhead system .....	260.00
C-20 Line transformers and devices ....	215.00
C-21 Electric services .....	166.00
C-23 Electric street lighting system ..	59.00
Contingencies and general overhead .....	<u>500.00</u>
Total capital invested .....	\$6,000.00

The engineers of the Commission have investigated the cost of operating defendant's electric plant, and estimate a normal year's operating expense as follows:

NORMAL YEAR'S OPERATING EXPENSES  
-OF-  
GRIZZLY ELECTRIC COMPANY

E-1 to E-23 Production Expense and Repairs to Capital:

Fuel .....	\$2,000.00
Labor .....	900.00
Rent of Land .....	12.00
Rent Generator .....	120.00
Repairs .....	<u>120.00</u>
	\$3,152.00

E-24 to E-59 Distribution Expense and Repairs to Capital:

Pole line labor .....	\$ 120.00
Pole line material .....	<u>20.00</u>
	\$ 140.00

E-60 to E-65 Commercial Dept. Labor, Supplies and Expenses:

Collecting and Bookkeeping ....	\$ 240.00
Printing and Supplies .....	<u>10.00</u>
	\$ 250.00

E-66 to E-68 Salaries and Expenses of General Offices:

General Manager Salary .....	\$ 200.00
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E-69 to E-76 Miscellaneous General Expenses:

Insurance .....	<u>\$ 107.25</u>
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Total Operating Expenses (exclusive of taxes and depreciation) .....	\$3,849.25
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Mr. Young charged to operation the sum of \$1,800. per annum for manager's salary. Inasmuch as the total operating expenses, exclusive of taxes and depreciation, are only \$3,849. and the gross revenue for the year 1915 was only \$3,546.59, this charge is disproportionate. Furthermore, only a small portion of Mr. Young's time is given to the operation of the plant. An allowance in the operating expenses has been made in the sum of \$240. for collecting and bookkeeping. The amount of bookkeeping necessary to be done is practicably negligible and the time necessary for collecting should be very slight.

Under the circumstances we believe that an additional allowance of \$200. per annum for services as manager is sufficient allowance in an estimation of operating expenses.

Gross revenue for the year of 1915 was \$3,546.59, including a small amount for jobbing which cannot be segregated. Revenue for the year 1916 is estimated to be \$3,900. exclusive of jobbing. This is but slightly in excess of the estimated annual operating expense, not including taxes or a depreciation annuity.

The present rates charged by the Grizzly Electric Company are:

PRESENT RATES  
GRIZZLY ELECTRIC COMPANY

Stores

<u>40 Watt Lamps</u>	<u>Per Mo.</u>
1 to 4 .....	\$.85 each
5 to 14 .....	.75 each
15 to 29 .....	.70 each
30 to 49 .....	.65 each
50 to 74 .....	.60 each
75 or more .....	.50 each

Discount of 10 cents for each 40 Watt Lamp.

Residences

<u>40 Watt Lamps</u>	<u>Per Mo.</u>
1 .....	\$1.10 each
2 .....	.85 each
3 .....	.76 each
4 .....	.70 each
5 .....	.64 each
6 to 15 .....	.60 each
15 to 30 .....	.55 each
30 or more .....	.50 each

Discount of 10 cents for each 40 Watt Lamp.

Optional Meter Rate

Meter rate ..... 20 cents per K.W.H.  
Discount ..... 2 cents per K.W.H.  
Minimum meter bill \$12. per month.

Discounts are available only when bills are paid at the office on or before the sixteen of each succeeding month.

It is apparent from the foregoing that the estimated revenue for the year 1916 will exceed only slightly the operating expense, exclusive of taxes, and practically nothing will be earned to cover interest and depreciation upon the property. It, there-

fore, appears that the rates charged by the Grizzly Electric Company are not excessive as a whole, although they appear to be as high as can be charged without tending to decrease the gross revenue due to their exceeding the value of the service.

It is our opinion from the evidence, however, that the rates are not such as will encourage greater use nor will equalize the expense between the various consumers in proportion to their service, and to that extent the present rates are discriminatory.

The Commission believes that the rates which are made effective in the following Order will encourage a greater use of electric energy in the territory, so that the company may be able to increase its revenue. At the same time the Commission also believes that the following rates will more equally divide the expense between the various classes of service.

### O R D E R

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

THE COMMISSION HEREBY FINDS AS A FACT that the existing rates of the utility are not excessive, but are unjust in that they are discriminatory and

and do not equitably divide the charges between the various classes of consumers.

THE COMMISSION HEREBY FURTHER FINDS AS A FACT that the following rates are just and reasonable.

Basing its order on the foregoing findings of fact

IT IS HEREBY ORDERED that the Grizzly Electric Company, from and after December 15, 1916, charge and collect for electric energy sold by it in the Town of Portola the following rates:

COMMERCIAL RATE:

1st light .....	\$1.00 per mo.
2nd light .....	.90 per mo.
3rd light .....	.80 per mo.
4th light .....	.70 per mo.
5th light .....	.60 per mo.
6th light and over .....	.50 ea. per mo.

RESIDENCE RATE

1st light .....	\$ .90 per mo.
2nd light .....	.70 per mo.
3rd light .....	.50 per mo.
4th light and over .....	.30 ea. per mo.

HOTEL OR LODGING HOUSE RATE

Lights in bedrooms .....	\$ .40 ea. per mo.
Other lights (same as commercial rate)	

PUBLIC LIGHTING RATE

Street lights .....	\$1.65 ea per mo.
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OTHER RATES

Porch or house light burning continuously while plant is running ..... \$1.65 ea per mo.  
Flat iron ..... .50 ea per mo.

Above rates to be figured upon 40 watt lamp basis.

OPTIONAL METER RATE

First 30 K.W.H. .... \$ .20 per K.W.H.  
Second 30 K.W.H. .... .15 per K.W.H.  
All over 60 K.W.H. .... .10 per K.W.H.

Minimum charge: Commercial ..... 6.00 per month.  
Residence ..... 3.00 per month.

IT IS FURTHER ORDERED that Grizzly Electric Company shall file with the Railroad Commission within twenty (20) days from the date of this order a schedule of rates as herein set forth and that the rates herein established shall be effective on and after December 15, 1916.

Dated at San Francisco, California, this 26<sup>th</sup> day of December, 1916.

Max Thelen  
H. Stoveland  
W. G. ...  
Edwin C. Edgerton  
Frank R. ...

Commissioners