

ORIGINAL

Decision No. 110017

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

PLUMAS LIGHT AND POWER COMPANY,)

Complainant,)

vs)

GREAT WESTERN POWER COMPANY,)

Defendant.)

Case No. 1017

In the Matter of the Application)
of the GREAT WESTERN POWER COMPANY,)
a Corporation, for a certificate)
of public convenience and necessity)
for the exercise of certain rights)
under a franchise granted by the)
County of Plumas, and for a certi-)
ficate of public convenience and)
necessity for the construction of)
a certain electric power line in)
said County of Plumas.)

Application No. 2634

Curtis Hillyer, for Plumas Light and
Power Company.
Guy C. Earl and Chaffee Hall, for Great
Western Power Company.

DEVLIN, Commissioner.

O P I N I O N

In Case No. 1017, The Plumas Light and
Power Company, hereafter called the Plumas Co., filed its
complaint on October 3rd, 1916, alleging in effect that it
is engaged in supplying the Town of Crescent Mills with
electric energy, that Great Western Power Company, defendant,
intends to construct a line to serve Crescent Mills and
some other customers who would otherwise be customers of

complainant, and that defendant has never obtained a certificate of present or future public convenience or necessity to serve Crescent Mills. Complainant requests that Great Western Power Company be enjoined from constructing this line.

Great Western Power Company admits the general allegations of the complainant but denies that it is about to interfere with the system of complainant by serving customers who would otherwise be customers of complainant.

On November 16th, 1915, Great Western Power Company filed its application No. 2634, stating that subsequent to the issuance of a preliminary certificate of public convenience and necessity in Application No. 1767, Decision No. 2652, to construct a line to the Engels Mine, it obtained from the County of Plumas a franchise by Ordinance No. 182 of the County of Plumas, that now it desires to construct a three phase 22,000 volt line from its present line between Big Meadows and the Engels Copper Company's Mine, a distance of 4-1/2 miles to Crescent Mills in order to supply electric energy to the Philadelphia Exploration Company, which is developing a mine at Crescent Mills. Great Western Power Company believes that Plumas Company is unable, by reason of insufficient facilities, to serve the Mining Company at a price or rate as low as that offered by the applicant, It therefore requests that it be granted a certificate of public convenience and necessity to construct said line to the Philadelphia Exploration Company's Mine and to exercise the said franchise heretofore granted to it, insofar as

as it may be necessary to enable applicant to construct, maintain and operate this transmission line previously constructed from Big Meadows to the Engels Copper Company's Mine and to be constructed to the Philadelphia Exploration Company's property.

Both matters were heard on December 5th, 1916, and as they pertained to the same subject they were by stipulation consolidated for hearing and decision.

It appears from the testimony introduced by the Great Western Power Company through Mr. A. C. Burch, resident manager of the Philadelphia Exploration Company, that the latter company has obtained a 2-1/2 year option commencing September 29th, 1916, to purchase a mine at Crescent Mills. Under this option the equipment for unwatering the mine must be installed in seven months and the option exercised within 2-1/2 years. The Company has expended about \$25,000.00 in the purchase of equipment and its installation and expects to spend an additional \$75,000.00 in opening up the mine and determining whether it will purchase the same. If the Company decides to purchase the mine it will pay \$200,000.00 for the mining property and the additional installations for mining operations will amount to approximately \$150,000.00. The Company has 150 horsepower of motors on the ground and 165 additional horsepower at present ordered to be delivered within the next four months. The ultimate development is estimated from 1,000 to 1,400 horsepower.

Mr. Burch made no application to the Plumas Company for power and the testimony of Mr. W. W. Briggs, general agent of the Great Western Power Company, shows that the negotiations between these two men, representing the mine and the power company were carried on and contracts entered into for supplying power and the construction of the necessary lines. The Plumas Company was asked to waive its rights to serve the mine, but that Company refused.

The testimony further shows that the Great Western Power Company has an 800 kilowatt hydro-electric plant at ButteValley and a 22 kilovolt transmission line from there to the Engels Copper Company's mine, a distance of 38 miles. Service is rendered to the Plumas Company through a substation near Greenville, which consists of three 25 kilowatt 22,000 to 2,200 volt transformers. To serve the Mine at Crescent Mills directly by the Great Western Power Company will require an extension of 4-1/2 miles across the Indian Valley. The Engels Mine is requiring the full capacity of the ButteValley plant at the present time and the Great Western Power Company has been requested to supply 1500 horsepower additional by April 1st, 1917. The Plumas Light and Power Company's demand on the Great Western Power Company had in the past approximated 15.5 kilowatts. The contract between the Great Western Power Company the Plumas Company limits the latter's demands to 200 kilowatts, and in addition makes that Company's demand secondary to the requirements of the Engels Copper Company. The Great Western Power Company, in order to supply the immediate demands of the Exploration Company's mine has obtained from the Engels Mining Company an informal agreement whereby the latter agrees to diminish, at times, its existing demands,

provided, however, that it will not interfere with the operation of the Engels Mine.

In view of the increased demand for power in excess of the capacity of the Butt Creek Plant, the Great Western Power Company according to the testimony of Mr. Briggs, plans the construction of a high tension transmission line from the Big Bend or Las Plumas power plant, a distance of approximately 51 miles, to the present line near Crescent Mills, and eventually to extend to other mining properties which it is estimated will require approximately 5,000 horsepower in mining load.

Plumas Light and Power Company has no power plant of its own capable of supplying any power load. Its supply is obtained from the Great Western Power Company, as outlined previously. The present line of the Plumas Company from Greenville to Crescent Mills is approximately 6.5 miles in length, and is single phase 2,200 Volt, the conductors consisting of two No. 4 aluminum wires. The Plumas Company proposes to serve the Philadelphia Exploration Company's mine by adding one additional wire to this line and raising the voltage to 4,000 or 6,600 volts, obtaining ^{the supply} from the

Great Western Power Company. Some evidence was introduced regarding the proposed Round Valley plant of the Plumas Company, but, from the fact that it was practically impossible to obtain equipment for the construction of the plant for a considerable period, it appears reasonable to exclude this from the consideration. The evidence shows that the Plumas Company has additional wire to change the present line to three phase, but has no transformers and there is considerable doubt of its ability to obtain the same in a reasonable length of time.

The contract entered into between the Great Western Power Company and the Exploration Company set forth the following rates for power delivered at 440 and 110 volts:

per
2¢/k.w.h. for the first 60 k.w.h. per month per horsepower of connected load.
1-1/2¢ per k.w.h. for the second 60 k.w.h. per month per horsepower of connected load.
1-1/4¢ per k.w.h. for the third 60 k.w.h. per month per horsepower of connected load.
1¢^{per} for all over 180 k.w.h. per month per horsepower of connected load.

Minimum bill \$200.00 per month plus \$1.00 per month per horsepower installed in addition to 200 horsepower.

An additional contract was entered into between the two companies whereby the Exploration Company was to advance to the Great Western Power Company \$8,500.00 as payment for the cost of the line to be constructed, which amount is to be refunded at the rate of 20 per cent of each power bill for a period of two years.

The Plumas Light and Power Company has operated for several years a small hydro-electric plant and distribution system serving the towns of Greenville and Crescent Mills in Plumas County with lighting service. On November 30th,

1914, the Plumas Company made application to issue bonds for the construction of a 750 horsepower hydro-electric plant, utilizing the waters of Round Valley reservoir near Greenville. This application was denied, however, as it appeared that the title to the water rights was not clear. In July, 1915, the Great Western Power Company applied for a preliminary certificate of public convenience and necessity to extend its line from Big Meadows Dam through Indian Valley to the Engels Copper Mining Company's properties to serve that customer only, the Mining Company having contracted for a minimum of 450 horsepower. It appeared in that instance that the Plumas Company was not serving in that territory and was not in a position to supply the requirements, and that in granting the Great Western Company permission it would make it possible for that Company to utilize the Butte Valley plant, which was at the time not in operation. Upon granting the certificate the line was constructed and since September, 1915, the Great Western Power Company has been supplying the Engels Mine and the demand has increased to approximately 800 kilowatts. About May, 1916, the Great Western Company commenced supplying the Plumas Company with power from this line. This service was encouraged by the Commission and should be approved. On May 20th, 1916, Plumas Company applied to the Commission to issue bonds or notes in order to make extensions to its system, thus to more completely serve the territory. Fifteen thousand dollars face value of notes were authorized, but the Company has had considerable difficulty in selling the same.

In this case the Plumas Company has, at the present time, a small distribution system supplying, in general, only lighting service and small power consumers, with a total maximum demand of only 15.5 kilowatts. It has had considerable financial difficulty in obtaining funds for the extension of its business and its lines at present are not of sufficient capacity to supply the immediate demands of the Philadelphia Exploration Company's Mine, which will be within the first few months over ten times the present demand of the Plumas Company, and if expectations are realized, within two years it will be increased to practically fifty times the present. It would appear, therefore, that this customer does not come in the class of a distribution consumer of the Plumas Company as compared with other consumers served by it, and there appears little reason to believe that the local company would be benefited by attempting to handle such a comparatively large consumer, or that the public would be in any way benefited owing to the fact that the Company would be burdened with a responsibility beyond its present ability or commensurate with the benefit which would accrue to it through handling this service.

The evidence submitted shows that even with an increase in the voltage of the Plumas Company's line from Greenville to Crescent Mills to 6,600 volts, the losses would still amount to approximately 10 per cent, and it would be necessary to spend \$2,000.00 or \$3,000.00 to reconstruct a line, in addition to the installation of an extra set of transformers by either the Plumas Company or the Great Western Power Company. These costs would probably not exceed the cost of extending the Great Western Company's line to Crescent Mills, but considerable increase in the annual cost would result. In addition

to this increased cost, the Plumas Company will have to pay an additional 7-1/4 per cent upon the gross revenue to cover State tax and to meet county franchise requirements, which will make the total increased cost over that possible, in case of direct service from the Great Western Power Company, of approximately 17 per cent.

Considering the extent of the Plumas Company's present business and its financial condition, in view of the magnitude of the service to be rendered, it does not appear to me that this Company or the public will be benefited by requiring that the service be rendered through it instead of directly by the Great Western Company. The cost to the mine would be increased considerably and the Plumas Company would be attempting to handle a wholesale consumer beyond its means. The successful and economical supplying of energy to this mine should result in a considerable increase in business activities in and about Crescent Mills, which will reflect indirectly in increased business to the Plumas Company which serves lighting and small power business, more commensurate with its present service.

I believe, therefore, for reasons hereinbefore stated, that public convenience and necessity would be best served by allowing the Great Western Power Company to serve directly the Philadelphia Exploration Company's mine.

I submit the following form of order:

ORDER .

PLUMAS LIGHT AND POWER COMPANY having filed its complaint against the Great Western Power Company, and the Great Western Power Company having filed its answer to the complaint, and Great Western Power Company having made application under the provisions

of Section 50 of the Public Utilities Act for a certificate that public convenience and necessity require the exercise by it of rights and privileges under a franchise granted to it by the County of Plumas, in so far as necessary to construct, operate, and maintain a line from Big Meadows dam to the Engels Copper Company mine and to Crescent Mills, and to serve the Philadelphia Exploration Company's mine at Crescent Mills, and said proceedings having been consolidated by stipulation of the respective parties, and a public hearing having been held and the case and application having been submitted and being now ready for decision,

THE COMMISSION HEREBY FINDS AS A FACT that public convenience and necessity require and will require the construction of said line to Crescent Mills, the exercise of said franchise obtained from the County of Plumas by Ordinance No. 182 in so far as necessary to construct, operate and maintain said lines and to serve the Philadelphia Company's mine:

And basing its order herein upon the foregoing finding of fact and the findings of fact which are contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that the complaint of the Plumas Light and Power Company herein be and the same is hereby dismissed.

IT IS FURTHER ORDERED AND DECLARED

1. That public convenience and necessity require and will require the exercise by the Great Western Power Company of rights and privileges granted to it by Ordinance No. 182 of the County of Plumas in so far as necessary to construct, operate and maintain its transmission line from Big Meadows Dam to the Engels Copper Company's mine and to the Philadelphia Exploration Company's mine at Crescent Mills.

2. That public convenience and necessity require and will require the construction of a line from the present Great Western Power Company's line in Indian Valley to the town of Crescent Mills to serve the Philadelphia Exploration Company's mine.

3. That public convenience and necessity require and will require the serving of power to the Philadelphia Exploration Company's mine by the Great Western Power Company.

Provided, however, that the said Great Western Power Company shall first file with this Commission a stipulation to the following effect:

Declaring that Great Western Power Company, its successors and assigns, will never claim before the Railroad Commission or any court or other public body, a value for said rights and privileges granted by said Ordinance No. 182 of said County of Plumas in excess of the actual cost to Great Western Power Company to acquire the said rights and privileges.

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 11th day of January, 1917.

Max Thelen

H. H. Ireland

Edwin O. Edgerton

James R. Dyer

Commissioners.