

Decision No. _____

ORIGINAL

Decision No. 5315

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
Mt. Whitney Power and Electric Com-)
pany for an Order Authorizing Approval) Application No. 3566.
of a Plan for Making Extensions of)
Electric Service During the War.)

Harry J. Bauer for Mt. Whitney Power
and Electric Company.
Max B. Jamison for certain consumers.

DEBLEN, Commissioner.

O P I N I O N .

Mt. Whitney Power and Electric Company, hereinafter at times referred to as the Mt. Whitney Company, sells electric energy in the counties of Tulare, Kern and Kings. The Company asks approval of a plan for making extensions of electric service to intending customers during the period of the war or for such other time as this Commission may determine.

A public hearing was held in Visalia on March 16, 1918. Notice of the hearing was mailed to all persons who have applications for extensions pending with the Mt. Whitney Company and quite a number of such persons appeared and presented testimony. It was stipulated that all informal complaints for extensions of service by the Mt. Whitney Company now pending before the Railroad Commission might be considered as being in evidence herein and might be disposed of in this proceeding. The Company has supplied the data called for at the hearing and this proceeding is now ready for decision.

The plan for making extensions, which plan the Mt. Whitney Company desires to make effective, is set forth in Exhibit "B" attached to the petition herein and reads as follows:

"1. Applications will be accepted upon the basis of the estimated income for the first year being equivalent to 60% of the cost of the extension.

"(Example) Should you receive an application which would yield an income of \$180.00, the \$180.00 would represent three-fifths of the expenditure authorized for such an income. The short-cut would be to divide the estimated income by three and multiply by five, which would give \$300.

"2. Should the estimated income not reach 60% of the investment but should equal or exceed 33-1/3%, you are authorized to give the consumer the option of

"(a) Purchasing Common Stock of Southern California Edison Company for whatever amount would be required to make up the deficiency in the installation cost upon the 60% basis, or

"(b) Depositing an amount in cash which would be equal to the deficiency in the installation cost upon the 60% basis. This deposit would be accepted as an advance payment for power service to be refunded at the rate of 20% of the power bills each month, after the first year of service.

"(Example) Supposing you should receive an application which would yield an estimated annual income of \$240.00, and the cost of such installation should be \$600.00. The \$240.00 income would warrant a \$400.00 expenditure upon the 60% basis, so that there would be a deficiency of \$200.00 which could be made up by the purchase of stock or the deposit of cash as outlined above.

"3. Applications with estimated incomes of less than 33-1/3% but more than 20% may be accepted, provided the consumer deposits an amount equal to the entire cost of the installation, the deposit to be refunded upon the basis of 20% of monthly power bills after the first year of service. The purchase of stock of Southern California Edison Company in connection with applications for extensions would not be acceptable unless the estimated income is at least 33-1/3% of the expenditure.

"The foregoing instructions apply to all requests for extensions which are made at the district offices. It is understood that the company is not soliciting new

business of any kind.

"Applications for power service for irrigating or other purposes should not be accepted under any conditions where they do not yield an income for the first year equal to 20% of the cost of installation.

"However, any applications which are received and which do not reach the 20% basis but which may be surrounded by conditions which merit special attention should be referred to this office for further instructions."

The petition was amended at the hearing to be applicable to extensions of service requested not merely for power for irrigation but also for all other purposes.

Mr. R. H. Ballard, first vice president of Southern California Edison Company, which company by stock ownership controls the Mt. Whitney Company, testified that this application is based on the difficulty on the part of the Mt. Whitney Company of securing the necessary funds for extensions of its distributing system. Materials and supplies are being delivered as needed, but for funds it will be necessary for the Mt. Whitney Company to rely largely on loans from Southern California Edison Company.

Petitioner expects during this year to take on approximately 4,000 horse-power of additional business, largely pumping for irrigation, at a total cost for the necessary extensions and equipment of \$216,936.76. The estimated cost of these extensions and the assumed annual income are set forth in Petitioner's Exhibit No. 6 as follows:

Estimated Extensions, 1918.

	<u>Cost</u>	<u>Annual Income</u>
33 1/3% income and less	\$ 59,936.76	\$ 15,800.00
33 1/3% to 60% income	98,000.00	42,700.00
60% income and over	<u>59,000.00</u>	<u>60,300.00</u>
	\$216,936.76	\$118,800.00

Under the plan proposed by Petitioner, the cost of these extensions would be paid as follows:

	<u>Paid by Consumer</u>	<u>Paid by Company</u>
Extensions yielding 33 1/3% or less annual income—all	\$59,937.00	\$
Extensions yielding 33 1/3% to 60% annual income-on 60% basis	26,834.00	71,166.00
Extensions yielding 60% annual income or more—all	<u> </u>	<u>59,000.00</u>
Total	\$86,771.00	\$130,166.00

In determining the instances in which the proposed consumer is to advance part of the cost of the extension, I desire to draw attention particularly to the fact that the total income derived from all extensions made in 1917, yielding an annual revenue in excess of 33 1/3% of the cost of the extension, amounted to 66% of the total cost of the extensions. As shown by Petitioner's Exhibit No. 5 herein, the total cost of all such extensions in 1917 was \$130,799.93 and the annual income therefrom is \$86,084.40. Petitioner has assumed the same condition with reference to its 1918 extensions.

Such a financial showing is very satisfactory as a basis for making extensions and I recommend that the Mt. Whitney Company make, at its own expense, all extensions which will yield

an annual revenue of 33 1/3% or more of the cost of making the extension. In this connection, I desire to draw attention to the fact that the amount of money involved in this particular consideration is only \$26,834.00 and that a reduction in the estimated cost of reconstructing overhead construction to conform to the amount of such work which can be done in 1918 will almost equal this sum.

I recommend that applications with estimated incomes of less than 33 1/3% but more than 20% of the cost of the extension be accepted, provided that until the further order of the Commission the intending consumer shall deposit an amount equal to the entire cost of the installation, the deposit to be refunded upon the basis of 20% of the monthly power bills. As an alternative, the consumer may at his own cost construct sufficient of the extension so that the amount to be expended by the Company shall not exceed three times the gross annual revenue; or he may contract to pay for sufficient service to bring him within the three to one class, such contracts to be satisfactory to the Company.

Until the further order of the Commission, the Company should not be required to make any extension in cases in which the gross annual revenue will be less than 20% of the cost of the extension.

Extensions within the limits of incorporated cities and towns should be made in accordance with Rule 15 of the rules for water, gas, electric and telephone utilities established by this Commission in Decision No. 2879, made on November 5, 1915 in Case No. 683 (Vol. 8, Opinions and Orders of the Railroad Commission of California, p. 372, 381) reading as follows:

"A water, gas, electric or telephone utility which operates under a general franchise authorizing the occupancy of all the streets of a municipality shall make, at its own expense, such street extensions as may be necessary to serve applicants; provided, that in any case in which the construction of an extension at the utility's sole cost will in its opinion work an undue hardship upon the utility or its existing consumers, the matter may be submitted to the Commission as provided by section 36 of the Public Utilities Act, unless satisfactorily adjusted by an informal application to the Commission."

All extensions made within one year prior to the date of the order herein should, if requested by the consumer, be adjusted by the Company in accordance with the rules established in the order herein, so as to avoid discrimination.

I shall now refer to informal complaints concerning extensions to be made by the Mt. Whitney Company and the disposition to be made thereof.

1. I. C. 12,907 - C. A. Peairs, Tulare.

2 H.P. motor and lights. Extension will be made as soon as Mr. Peairs obtains a single phase motor.

2. I. C. 13,118 - R. E. Wills, Goshen.

3 H.P. motor, air compressor for automobile filling station and lights. Mr. Wills testified at the hearing of March 16, 1918. Subsequently a contract for an additional 20 H.P. motor to operate a creamery was secured by the Company and we are advised that this extension will now be made.

3. I. C. 13,259 - D. B. Moore, Tulare.

15 H.P. motor for 4 months' service. Estimated cost of extension \$816.85. Estimated annual revenue \$303.75. We are advised that this applicant has now installed a gas engine.

4. I.C. 13,266 - C. O. Bowen Ranch, Strathmore.
7½ H.P. and 5 H.P. motors. We are advised that extensions have now been made to serve both of these installations.
5. I.C. 13,272 - Albert A. Harris, Strathmore.
7½ H.P. motor. We are advised that this application has been withdrawn because of inability of applicant to secure necessary rights of way.
6. I.C. 13,348 - Dudley Cheney, et al., Porterville.
Extension near Porterville for lights and a few small motors. Testimony in this matter was presented at the hearing of March 16, 1918. We are advised by the company by letter dated April 11, 1918, that the company has canvassed the territory and can find only 14 prospective lighting consumers, instead of 22 as suggested, and two customers for power, one of whom desires power for a 1 H.P. motor and the other for a 2 H.P. motor. The Company reports that the cost of extending to these petitioners will be \$1,041.83 and the total estimated annual revenue \$269.80. It would appear from the evidence and report that service to the petitioners who can be most readily reached, without extending to the more distant consumers, will probably be remunerative. If not, we can not advise that the Company be directed to make this extension at this time unless the applicants bring themselves within the rules and regulations established by the order herein.
7. I. C. 13,364 - Milos E. Allen, Pixley.
5 H.P. motor. Estimated cost \$607.00. Estimated annual revenue \$134.00/ This extension should be made if applicant brings himself within the provisions of the order herein.

8. I. C. 13,369 - Alex Papoff, et al., Earlimart.
Three 7½ H.P. motors, for pumping service to Alex Papoff, Mike Pozonoff and William Agalzov. These persons and neighbors are buying land from Earlimart Land Company northwest of Earlimart along the Deer Creek Wash. Testimony in their behalf was presented at the hearing of March 16, 1918. The annual gross revenue from said three plants would be \$800.72 and the cost of service is estimated at \$2501.58. As stipulated at the hearing, Acting Gas and Electrical Engineer L.S. Ready inspected the territory. He reports the land in the vicinity to be largely alkaline with scant prospect for additional business. Practically all wells in this vicinity are now operated by gas engines. Mr. Ready recommends, and I concur therein, that this extension be not required unless Earlimart Land Company will comply with the rules and regulations established in the order herein and in addition guarantee the payment of the power bills in form satisfactory to the Mt. Whitney Company.
9. I.C. 13,390 - Kenneth Keagle, Pixley and
I.C. 13,407 - C. L. Howard, Pixley.
5 H. P. motor. Estimated cost \$560.72. Estimated annual income \$211.50. Testimony in this matter was presented at the hearing of March 16, 1918. We are advised that contract has been signed and that the line will be constructed.

10. I. C. 13,468 - W. B. Wells, Porterville.
15 H.P. motor. We are advised that Mr. Wells has installed a gas engine.
11. I. C. 13,482 - Charles Wentworth, Porterville.
3 H.P. motor. Estimated cost \$500.00. Estimated annual revenue less than \$100.00. Pumping from water ditch. We can not recommend that the Company be required at this time to make this installation.
12. I. C. 13,490 - T. B. Phariss, Porterville.
5 H.P. motor. Estimated cost \$437.46. Estimated annual revenue \$148.75. We are advised that this extension will be made.
13. I. C. 13,616 - C. L. Berry, Lindsay.
3.H.P. motor. Estimated cost \$320.06. Estimated annual revenue \$89.29. This extension should be made if applicant brings himself within the provisions of the order herein.
14. I. C. 13,627 - Mrs. Ralph J. Hersey, Lindsay.
Electric range. Estimated cost of extension \$201.54. Estimated annual revenue \$60.00. This is domestic service within a municipality and this extension should ordinarily be made at the utility's expense. In view of the heavy demands on this Company at this time for installations to pump water for the production of food stuffs, we suggest that the parties ascertain whether this applicant can not avail herself of other fuel at this time.
15. I. C. 13,639 - Wm. Nickel, Tulare.
Discrimination in charge for lighting service. Mr. Nickel testified at the hearing in Visalia that he is

compelled to pay a \$3.00 monthly minimum for lighting service in Tulare while his neighbors all pay a monthly minimum of 75¢. To serve him, the Company hung a separate transformer from a 6600 volt circuit. The service extension cost \$115.94. While unusual expense was incurred to serve this consumer, this is domestic service within a municipality, which service is viewed as a whole, and the established minimum of 75¢ monthly should apply.

16. I. C. 13,666 - Robert L. Reed, Porterville.

1 H.P. motor and lights. Estimated cost \$122.37. We are advised that this place has been sold and that the purchaser has not made application for service.

17 I.C. 13,703 - D. J. Wilson, Tulare County.

This is a general request for information with reference to the extension of power lines for pumping and is answered by the provisions of the order herein.

18. I.C. 13,765 - Clifford H. Powers, Delano.

15 H. P. motor. We are advised that this extension will be made.

In addition to the foregoing matters, Mrs. Carrie E. Flagler and Mr. C. Ellison testified concerning their desire to secure electricity for lighting and cooking purposes in Tulare. The Company has now presented a report in this matter, from which report and the testimony it appears that this extension should be made in proper order.

While the order will not specifically refer to the informal complaints hereinbefore set forth, the Mt. Whitney Company will be expected to dispose of them in accordance with the suggestions herein made. The Company has shown a praiseworthy spirit in making extensions as rapidly as possible in view of the large amount of this work to be done within a relatively

short time. At this time particularly, when the production of additional food stuffs is a matter of vital importance, the extension of electric lines to permit of the pumping of water for irrigation is a matter of very great importance and electric utilities which do their part promptly in this work are entitled to commendation for their service.

I submit the following form of order:

O R D E R .

MT. WHITNEY POWER AND ELECTRIC COMPANY having applied for an order authorizing the Company to make effective a certain plan for making extensions for the service of electric energy, a public hearing having been held and the matter being now ready for decision,

IT IS HEREBY ORDERED that Mt. Whitney Power and Electric Company be and the same is hereby authorized to make effective the following rules and regulations applicable to the making of extensions for electric service:

1. The Company will at its own expense make all extensions in cases in which the annual gross revenue equals or exceeds 33 1/3% of the cost of the extension.

2. Where the annual gross revenue to be secured from any extension is less than 33 1/3% but more than 20% of the cost of the extension, the Company will make the extension provided that the applicant advances the entire cost of the extension to be refunded upon the basis of 20% of the monthly bills. The applicant, however, may at his own cost construct sufficient of said extension so that the amount to be expended by the Company shall not exceed three times the annual gross revenue or may contract, in form satisfactory to the Company, to take

such service that the annual gross revenue paid by him shall be equal to 33 1/3% of the cost of the extension to the Company, whereupon Rule 1 shall apply.

3. Until the further order of the Railroad Commission, applications for service in which the annual gross revenue will be less than 20% of the cost to the Company of the extension need not be accepted by the Company.

4. Extensions within incorporated cities or towns shall be made as provided in Rule 15 of the Rules and Regulations established by the Railroad Commission on November 5, 1915 in Decision No. 2879 in Case No. 683.

IT IS FURTHER ORDERED that all extensions made by Mt. Whitney Power and Electric Company within one year prior to the date of this order shall be adjusted if requested by the consumer within 90 days from the date of this order, on the basis of the rules and regulations herein established. Mt. Whitney Power and Electric Company is directed to send a copy of this opinion and order within 30 days from the date of this order, to each con-

sumers for whom an extension has been constructed subsequent to January 1, 1918.

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 16th day of April, 1918.

Max Thelen
H. D. Loveland
Alfred Gordon
Edwin C. Edgerton
Francis R. Debra

Commissioners.