

ORIGINAL

Decision No. 5550

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

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C. D. Hazzard, et al,)	
	:	
Complainants.)	
	:	
-vs-)	
	:	Case No. 1197.
A. L. and O. P. Payne,)	
	:	
Defendants.)	
	:	

BY THE COMMISSION:

H. B. Wolfe for defendants
M.C. Kerr for complainants
O P I N I O N

This is the complaint of C. D. Hazzard and other citizens of the town of Quincy, Plumas County, alleging that the rates charged by the Quincy Electric Light & Power Company are excessive and that owing to insufficient capacity, the company is unable to render continuous service through the low water period of each year. They request that reasonable rates be established and that the company be required to render continuous service.

In its answer to the complaint defendant denies that the rates are excessive and admits that power is furnished only for evening and morning lighting service during a certain portion of the year, contending however that if the power were available for use during the entire 24 hours the income therefrom would not compensate for the additional service.

The Quincy Electric Light & Power Company is owned by Mrs. A. L. Payne and Mr. O. P. Payne in co-partnership agreement.

These parties acquired the property in December 1917 from A. L. Gansner and H. C. Flourney and attention is called to the fact that this Commission has no record of such transfer of interest. The Commission's permission is a condition precedent to such a transfer and the authority of the Commission should be sought in order that the title to the utility property be perfected in the owners.

Prior to the year 1916 the power plant equipment of this utility consisted of a 75 K. W. 2300 Volt, 3-phase generator belted to a Pelton waterwheel, operating under a 365 ft. head, together with the necessary accessory equipment. In 1916 there was installed a complete and modern unit consisting of a General Electric 100 K. V. A. 3-phase generator direct connected to a Pelton Double Waterwheel. The new unit is normally operated continuously, the old unit being held in reserve. The station is entirely automatic requiring only casual attention.

In the year 1916, also, the company's distribution system was practically rebuilt primarily to meet the state law requirements but incidentally eliminating a large amount of line which was in very poor condition. The lines now conform completely to legal requirements and a high standard of construction exists.

There is in evidence an exhibit showing defendant's statement of Capital Investment, Operating Revenue, Operating Expenses, Maintenance, and Depreciation Charges. There are a number of the items that go to make up this statement which we believe should be computed on a more conservative basis.

Applicant's statement as submitted and as adjusted is as follows:-

	<u>As Submitted</u>	<u>As Adjusted</u>
Capital Investment	\$24,268.94	\$24,268.94
Gross Operating Revenue (1917)	6,415.67	6,415.67
Depreciation	1,486.56	750.00

Operating and Maintenance Charges:

General Office	1,500.00	900.00
Electrician	1,500.00	1,500.00
Taxes	356.07	356.07
Insurance	143.34	143.34
Horse & Rig	360.00	240.00
Water Rental	360.00	--
Distribution	250.00	250.00
Oil and Miscellaneous	75.00	75.00
Lamps for Street Ltg. System	120.00	120.00
Telephone Rental	14.42	14.42
Freight & Express	170.51	75.00
Blacksmithing	29.74	29.74
Tools, etc.	75.00	75.00
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Total O. & M.	\$ 4,954.08	\$ 3778.57
Gross Operating Revenue	\$ 6,415.67	\$6,415.67
Operation, Maint. & Depre.	<u>6,440.64</u>	<u>4,528.57</u>
Net Operating Revenue	24.97*	\$1,887.10

* Deficit.

It is noted that the company has estimated the sum of \$1,486.56 for depreciation, computed on the straight line basis. We believe that computation on a 4% sinking fund basis would more nearly represent a just allowance, namely, \$750.00. The sum of \$1,500.00 is shown for General Office expense. A system with an annual gross revenue of \$7,000.00 or thereabouts, the sum of \$420.00 per annum for Manager's services and \$480.00 per annum for bookkeeping and collecting would be fair allowances. The sum of \$360.00 is shown as a charge for the use of a horse and rig. In view of the use this horse and rig is put to in connection with the ranch in which the owners of this company are interested, \$240.00 per annum will be allowed. The sum of \$360.00 claimed as water rental has not been included in previous statements of expenses and there is no evidence to substantiate a value of any water right equivalent to such charge. The sum of \$170.51 is

given as an item of Freight and Express. It is our opinion that \$75.00 per annum would normally cover this item.

Our calculation of \$1,887.10 for net operating revenue represents an earning of 7.78% on capital investment which amount should be considered reasonable. It appears, therefore, that the complaint of excessive rates is not well founded and should be dismissed.

Throughout the life of this company there has never been any assurance of continuous day service. It is true that such service has been provided as long as water has been available for the operation of the plant. During a normal year it is estimated that for a period of approximately three months there is available water for the maintenance of lighting service only, and it is then necessary to discontinue at midnight or shortly thereafter. Service is usually again established at 4 A.M. or 4:30 A. M. and continued through the morning lighting hours.

It is apparent that service of this character would not attract a great amount of power business. According to testimony there is some known business anxiously awaiting the advent of dependable day service.

It is estimated that an engine capable of meeting the requirements for ^{giving continuous day power} ~~week~~ service may be obtained at a cost of approximately \$4,000.00 installed.

Depreciation Annuity on this amount is	\$134.00
Interest at 8%	320.00
Added operating expenses - \$150 per month for three months	450.00
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	\$904.00

The growth of business in 1917 over 1916, according to the Annual Report of the Company, amounted to \$669.10.

We believe that a vigorous campaign for day power business would produce results that would augment the normal

growth of business to an extent that would very justly warrant the installation of gasoline or oil driven auxiliary power equipment. While we advocate day service we do not believe that there is any reasonable demand for lighting service during that portion of the year between the hours of 12:30 A. M. and 4:30 A. M. daily, when the operation of such auxiliary power plant equipment is made necessary by reason of day service requirements and shortage of water.

The company's schedule of rates now in effect provides for general service under one schedule. We believe the rates for power made effective in the following order will materially assist in the development of business.

Evidence in this case has also brought out the fact that part of the schedule as written has resulted in controversy. That part of the schedule reads:

12¢	per	K. W. H.	for	the	first	25	K.W.H.
10¢	"	"	"	"	from	25	to 50 K. W. H.

The consumer who has used 26 K. W. H., for instance, has claimed that his rate should be 10¢ with a bill of \$2.60. The consumer who uses 25 K.W.H., on the other hand, pays a rate of 12¢ with a bill of \$3.00. Such, of course, was not the intent of the schedule, and we believe that it should be re-written in the form as indicated in the order herewith.

O R D E R

A public hearing having been held in the above entitled proceeding and said proceeding having been submitted and ready for decision, the Commission hereby finds as a fact that the revenue of the Quincy Electric Light & Power Company from the rates now

in effect is not in excess of a reasonable revenue and that the rates of Quincy Electric Light & Power Company should be revised and re-stated as set forth in the order herein.

The Commission further finds as a fact that Quincy Electric Light & Power Company shall install the necessary equipment to render daylight power service throughout the year.

Basing its order on the foregoing findings of fact,

IT IS HEREBY ORDERED that Quincy Electric Light & Power Company charge and collect for electric energy sold by it in the Town of Quincy as determined by meter readings made on and after July 1, 1918, the following rates:

SCHEDULE "A"

Lighting Service

First	25 K. W. E. per meter per mo.....	12¢	per K.W.E.
Next	25 " " " " " "	10¢	" "
"	25 " " " " " "	9¢	" "
"	25 " " " " " "	8¢	" "
"	100 " " " " " "	7¢	" "
All over	200 " " " " " "	6¢	" "

Minimum Bill 75¢ per meter per month.

SCHEDULE "B"

Power Service.

First	100 K. W. E. per month	6¢	per K.W.E.
Next	100 " " " " " "	5¢	" "
All over	200 " " " " " "	4¢	" "

Minimum Bill \$1.50 per Horsepower per Month.

IT IS HEREBY FURTHER ORDERED that Quincy Electric Light & Power Company immediately take steps to install the necessary auxiliary power equipment capable of developing from

75 to 100 horsepower to supplement its power from its hydro-
electric plant, the same to be installed within 90 days from
the date of this order.

IT IS HEREBY FURTHER ORDERED that Quincy Electric
Light & Power Company shall thereafter render continuous service
between the hours of 4:30 A. M. and 12:30 A. M. of the following
morning throughout the entire year.

DATED AT SAN FRANCISCO, CALIFORNIA, this 31
DAY OF ^{July} ~~JUNE~~, 1918.

Edwin O. Edgerton
H. Howard
Stuart K. Kim

Commissioners.