

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

Harry D. Wardlow, et al,)
Complainants)

vs)

Plumas Light & Power Co.,)
Defendant)

Case No. 1195

Smith McMullen, for Complainant.
W. A. Jackson, for Defendants.

BY THE COMMISSION.

O P I N I O N

This is a complaint of the people of Greenville, Plumas County, California, against the Plumas Light & Power Company, a corporation, which serves the Towns of Greenville and Crescent Mills and individual agricultural and mining consumers in and adjacent to what is known as Indian Valley, wherein it is alleged that present rates are excessive, and the Railroad Commission is asked to fix just and reasonable rates.

It would appear from the testimony in this case that the complainants desire that consideration of the rates of the consumers of Greenville be given to the exclusion of all factors pertaining to consumers elsewhere on the company's system.

Complainants should bear in mind that rates and standards of service required of a utility of the size and character of defendant should be based upon the activities of the utility as a whole. Our findings in this case are based upon such a consideration.

From an analysis of the Company's records, it appears that there is a large capitalization represented in property which is non-operative, and in no degree useful in the business of serving its consumers with electrical energy, as such business is at present conducted. This non-operative or non-productive property consists of lands, undeveloped water-rights, obsolete power house equipment, etc. The company is now, and has been for over two years, purchasing its energy from the Great Western Power Company.

It is our opinion that for the purpose of establishing just and reasonable rates, under the conditions in this case, only the capital invested in the operative property should be taken into consideration. This would be represented solely in the distribution system, inasmuch as the purchased power is delivered directly to the distribution network.

The Commission's Gas and Electric Department made an investigation of this Company's property in January, 1915, in connection with Application No. 1438, Plumas Light and Power Company to issue bonds. On the basis of the report made in this connection, the estimated historical reproduction cost of the distribution system

is as follows:-

Reproduction Cost	-Jan.1915	\$ 7 650.00
Additions since	Jan.1915	1 961.00
Engineering, Etc	10%	<u>962.00</u>

Estimated Historical Cost 10 573.00

The Company has submitted a statement of operating revenue and expense for the year 1917. Included in this statement we find an item of engineering expense, in amount \$1,067.96. This amount was expended in an investigation of possible hydro-electric development and it does not appear that this expenditure was necessary to the service of the Company's consumers or chargeable to operation of the existing system. Obviously, this should not be considered an operating expense, and should be excluded when considering the matter of the rates now before us.

With the above item of \$1,067.96 stricken out, the Company's statement is as follows:

Total Operating Revenue	\$4 250.94
Total Operating Expense	<u>2 898.22</u>
Net Operating Revenue	1 352.72

No amount was included in the above statement for depreciation. On a 4% sinking fund basis, there should be allowed an annuity of approximately \$399.00. Deducting this amount from the net revenue, as indicated above, it is shown that \$1,013.72 was available for interest on the capital invested in operative property, on earning of approximately 9.6%.

Reference should be made to the relatively high rate charged by the company for electric energy as compared with the rate of the Great Western Power Company in adjacent territory. In previous proceedings this Commission has specified certain territory which shall be served exclusively by the Plumas Light and Power Company so long as facilities of said Company are adequate and rates reasonable. The rates charged for lighting

service by the company operating in adjacent-territory are materially lower for the small consumer, and somewhat higher for the large consumer. It is evident, from an analysis of defendant's revenues, that a general readjustment of rates is necessary from the viewpoint of equity, not only to the consumers, but to the defendant company. The rates made effective in the following Order will net the Company a reasonable return on money invested in the operative portion of its property.

O R D E R

A public hearing having been held in the above-entitled proceedings, 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 unjust and unreasonable in so far as they differ from the rates herein established, and the Commission further finds, as a fact, that the rates hereinafter set forth are just and reasonable.

Basing its Order on the foregoing findings of fact,
 IT IS HEREBY ORDERED that the Plumas Light and Power Company, charge and collect for electric energy sold by it from and after October 1, 1918, the following rates:

GENERAL LIGHTING SERVICE

RATE

13¢	per k.w.h.	for the first 50 k.w.h.	consumed per month
12¢	" "	" " next 50 "	" "
11¢	" "	" " " 50 "	" "
10¢	" "	" " " 150 "	" "
8¢	" "	" " " 200 "	" "
7¢	" "	" " " 500 "	" "
6¢	" "	" all over 1,000"	" "

MINIMUM BILL: \$1.50 per Month per Meter.

Rate for U. S. Greenville Indian School to remain as at present - 8¢ per kilowatt hour.

GENERAL POWER SERVICE
RATES

- (a) For installations from 1 to 24 h.p.
Readiness to Serve Charge:
\$1.50 per month per h.p. of connected load.
ENERGY CHARGE:
For the first 200 k.w.h. consumed per mo. per
h.p. installed - 2¢ per k.w.h.
For all over 200 k.w.h. consumed per mo. per
h.p. installed - 1½¢ per k.w.h.
- (b) For installations of 25 h.p. or over;
Readiness to Serve Charge:
\$1.25 per month per h.p. of connected load.
ENERGY CHARGE:
1½¢ per k.w.h. for all energy consumed.
- MINIMUM BILL: Readiness to Serve Charge.

IT IS FURTHER ORDERED that Plumas Light and
Power Company shall file with the Railroad Commission
within ten days from the date of this Order a schedule of
rates as herein set forth, and that the rates herein
shall apply to energy consumed during the month of ^{October,} ~~September~~
1918 and each and every month thereafter.

Dated at San Francisco, California, this ^{21st}
~~20th~~ ^{October} day of ~~September~~ 1918.

Edwin O. Edgerton
H. B. Leonard
D. W. Gordon
Frank R. DeLong
COMMISSIONERS