

ORIGINAL

Decision No. 6413

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of PINOLE LIGHT AND POWER COMPANY,)
a corporation, for an Order Es-) Application No. 4506.
tablishing Rates for Electric Ser-)
vice.)

E. M. Downer, A. F. Bray and C. O. Burgen,
for Applicant.
W. S. Tinning, for Consumers.

MARTIN, Commissioner:

OPINION

This is an application of Pinole Light and Power Company for an order authorizing applicant an increase in its rates for electricity. Applicant requests that it be allowed to charge and collect the same rates for electricity as are now being charged by Pacific Gas and Electric Company and Great Western Power Company in the territory contiguous to that served by it, or any other rates that may be found proper.

A hearing was held at Pinole on May 13, 1919, at which time evidence was presented and the matter submitted for decision.

Applicant purchases electric energy at wholesale from the Pacific Gas and Electric Company, which it distributes in the Towns of Pinole and Rodeo and intermediate territory over its own distributing system, serving approximately 400 consumers. Except for two small motors applicant's electric business is entirely residence and commercial lighting service.

Prior to July 1, 1918, applicant paid to Pacific Gas and Electric Company 50 per cent of its gross receipts for energy purchased. Since that date applicant has been purchasing energy under the Pacific Gas and Electric Company's standard resale Schedule No. 189.

The existing electric rates of applicant filed with this Commission are as follows:

SCHEDULE "A"

General Service

A - Flat Rate Service:

1. Residence Lighting Service:

3 - 16 candlepower lamps,	\$1.25 per month
5 - 16 candlepower lamps,	1.50 per month
Each additional 16-candlepower lamp,	.25 per month

2. Commercial Lighting Service:

a. Stores-- Each 16-candlepower lamp,	\$.50 per month
b. Saloons-- Each 16-candlepower lamp,	.75 per month

3. Street Lighting Service:

Each 80-candlepower lamp,	\$1.50 per month
Each 266-candlepower lamp,	5.00 per month

B - Meter Service:

For all classes of lighting service, 10¢ per k.w.h.

Minimum Charge: The minimum charge for all classes of lighting service, \$1.25 per month.

Applicant has in the past sold electricity on a flat rate basis and due to this fact no reliable record of electric sales for various classes of service is available.

Due to requests, both by the National and State authorities for the conservation of electric energy, applicant, in March, 1918, established a program of equipping each consumer with an electric meter. Prior to this period only a very few meters were in use. In carrying out this program applicant now has all of its consumers fully equipped for metered service.

The Commission's Gas and Electric Division made an investigation into the operations and valuation of applicant's properties. The reproduction cost of its properties as of May 15, 1919, based on pre-war prices, was found to be the sum of \$22,041.00. To this should be added \$1,500. for working cash capital, making a total valuation of \$23,541.

This valuation is somewhat lower than applicant's submitted valuation of \$24,980.00, exclusive of working cash capital, as of January 1, 1919. The difference between the two valuations is due to the fact that applicant used the high costs prevailing during the year 1918, and to the fact that list prices for meters were used instead of the actual net prices paid for same. The Commission is of the opinion that for the purpose of establishing a rate base in this proceeding, the unit cost figures prevailing during the pre-war period when this plant was actually constructed, should be used rather than war-time cost, except for those portions of plant as were built during the period of high prices.

During the year 1918, applicant's gross revenue amounted to \$11,080.68 and its operating expenses were \$10,224.31, of which \$5,540.32 was for purchased energy. The net income available for interest and depreciation was \$856.37 which is but 3.6 per cent on the capital investment set forth in the Commission's valuation.

Applicant shows that for the year 1919 with the rates it is now charging its revenues will be \$2,090.00 less than its operating expenses.

From an analysis of applicant's operations it appears that if its rates are increased to correspond with those charged by Great Western Power Company and Pacific Gas and Electric Company, and on the assumption that the kilowatt hour sales will be the same as during the previous year of 1918, its resulting net income for interest and depreciation will amount to \$1,202.00, which is 4.9 per cent of capital.

The Commission is in full accord with the desire of applicant to establish metered rates. It is probable, however, that applicant's electric sales for 1919 on a metered base will be much less than the flat rate use during the year 1918, because of the fact that flat rates encourage extravagance in the use of current. In many similar cases, we have found that the usage of electricity, particularly by residence consumers, has been far in excess of that occurring under a metered system.

The electric rates for residence ~~and commercial~~ lighting now in effect in adjacent territory supplied by Pacific Gas and Electric Company and Great Western Power Company are as follows:

<u>Consumption</u>	<u>Charge per K.w.h.</u>		<u>Total</u>
	<u>Base Rate</u>	<u>Surcharge</u>	
First 30 k.w.h.	8¢	1¢	9¢
Next 70 k.w.h.	7¢	1¢	8¢
Next 100 k.w.h.	6¢	1¢	7¢
All over 200 k.w.h.	5¢	1¢	6¢

Minimum charge; \$1.00 per meter per month.

The Commission is of the opinion that a reasonable rate for similar service on applicant's system would be as follows:

Residence and Commercial Lighting

First 30 k.w.h.	per meter per month	- 9¢ per k.w.h.
Next 70 k.w.h.	" " " "	- 7¢ per k.w.h.
Next 100 k.w.h.	" " " "	- 6¢ per k.w.h.
All over 200 k.w.h.	" " " "	- 5¢ per k.w.h.

Minimum charge: \$1.25 per meter per month.

Although applicant has no electric heating and cooking service and only a limited amount of power service, the Commission will, at this time, fix rates for such services, as set forth in the order herein.

However, the return for interest and depreciation based upon these rates, and with sales for 1919 as great as during 1918, will probably not exceed 4.5%.

It is understood, however, that either applicant or its consumers may ask for a readjustment of these rates provided they do not work out satisfactorily.

I submit the following form of order:

ORDER

PINOLE LIGHT AND POWER COMPANY having applied to this Commission for authority to increase its electric rates, a hearing having been held and the matter submitted and being now ready for decision,--

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FINDS AS A FACT that the rates for electricity now charged by applicant are not just, fair or reasonable rates, and that the rates herein established are just, fair and reasonable rates for electricity to be charged by Pinole Light and Power Company in the Towns of Pinole and Rodeo and intervening territory.

Basing its order on the foregoing findings of fact and the other findings of fact contained in the opinion which precedes this order,--

IT IS HEREBY ORDERED that Pinole Light and Power Company charge and collect for electricity the following schedules of rates for the classes of service set forth, to-wit, to be applicable for all service rendered on and after July 1st, 1919:

SCHEDULE NO. 1

Residence and Commercial Lighting Service:

TERRITORY: Entire territory served by Applicant.

RATE:

First	30 k.w.h. per meter per month,	9¢ per k.w.h.
Next	70 " " " " "	7¢ " "
"	100 " " " " "	6¢ " "
All over	200 " " " " "	5¢ " "

MINIMUM CHARGE: \$1.25 per meter per month.

SCHEDULE NO. 2

Combination Lighting, Heating and Cooking Service:
Residence and Domestic Service.

TERRITORY: Applicable to entire territory served
by applicant.

RATE:

First	30 k.w.h.	per meter per month,	9¢	per k.w.h.
Next	70 "	" " " " "	4¢	" "
All over 100	"	" " " " "	3¢	" "

MINIMUM CHARGE: \$2.50 per meter per month.

SCHEDULE NO. 3

General Power Service:

TERRITORY: Applicable to entire territory served
by applicant.

RATE:

First	300 k.w.h.	per meter per month,	4¢	per k.w.h.
Next	700 "	" " " " "	3¢	" "
"	1,500 "	" " " " "	2½¢	" "
All over 2,500	"	" " " " "	2¢	" "

MINIMUM CHARGE: \$1.00 per h.p. of connected load
per meter per month, but not
less than \$2.00 per month.

Provided, Pinole Light and Power Company shall, within 10 days from the date of this order, file with the Railroad Commission of the State of California the schedules of rates herein established, which rates shall become effective for all service rendered after July 1st, 1919.

IT IS HEREBY FURTHER ORDERED that Pinole Light and Power Company shall, within 20 days from the date of this order, submit to the Railroad Commission of the State of California for approval, a revised set of rules and regulations governing the service and forms to be used in connection with its business.

