

Decision No. 7987

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
BAY POINT LIGHT AND POWER COMPANY ) Application No. 5889.  
for authority to charge increased )  
rates for electricity. )

Sanborn & Roehle, by Harvey L. Sanborn,  
for applicant.

By the Commission:

O P I N I O N

In this application Bay Point Light and Power Company, hereafter referred to as applicant, alleges that its operating expenses will be greatly increased, largely through the increase in the cost of power purchased, and requests authority to charge for its service the same rates charged by Great Western Power Company in adjacent territory.

A public hearing in this proceeding was held before Examiner Westover at Bay Point on Saturday, July 17, 1920.

Applicant purchases electric energy at wholesale from Great Western Power Company and operates a distributing system in the towns of Bay Point and Clyde and adjacent territory, serving about 300 consumers. This territory was the site of extensive shipyards and kindred developments during the war, and in keeping pace with the growth of its business during the year 1918 and again during 1919, applicant was required to double its investment. To an extent commensurate with the size of the company, applicant has been subject to most of the increased costs which have affected

public utilities since prior to the war, but the increase in its business has absorbed such increased costs and enabled it to operate without increasing its rates up to the present time. The results of its operations for the past three years, as compiled from its annual reports, which it was stipulated were to be included in the evidence in this proceeding, are shown in the following table:

|                                    | 1917   | 1918     | 1919     |
|------------------------------------|--------|----------|----------|
| Additions and Betterments          | \$3477 | \$10,782 | \$19,223 |
| Fixed Capital - Dec. 31            | 8955   | 19,737   | 38,961   |
| Working Cash & Material & Supplies | 1500   | 6,000    | 3,200    |
| Average Capital for the Year       | 8715   | 20,347   | 30,449   |
| Gross Electric Revenue             | 7540   | 14,416   | 19,920   |
| Operating Expense & Taxes          | 6112   | 13,509   | 15,616   |
| Depreciation at 4%                 | 300    | 575      | 1,100    |
| Net for Return                     | 1128   | 332      | 3,204    |
| Return on Capital Invested         | 13%    | 1.6%     | 10.5%    |

These figures include a proper allowance for depreciation, but it is apparent that a sufficient allowance for this item has not heretofore been set aside by the Company. In 1918 applicant has included an excessive amount for materials and supplies and apparently some construction costs have been charged to operation. A corrected statement for that year would show a reasonable return earned. In the consideration of this case allowance is made for a proper reserve to cover depreciation and applicant will be required to hereafter set aside a reasonable allowance for this item. Effective July 10, 1920 Great Western Power Company was authorized by this Commission to increase its charges for electric energy sold to the applicant. If this increase had been effective during the year 1919 applicant's operating expenses would have been increased by approximately \$3000 and its net return would have been practically wiped out. Not only does it seem that relief is needed, but there is no apparent reason why applicant's consumers should be supplied with electric service at more favorable rates than have been found reasonable for similar districts and for the territory

immediately adjacent served by Great Western Power Company from whom applicant obtains its electricity, provided these rates do not result in an unreasonable return to applicant. As the rates fixed for Great Western Power Company apply to its entire system, not all of them are applicable to the conditions under which Bay Point Light and Power Company operates. Such schedules as are applicable will be authorized with certain slight modifications. Rates of Great Western Power Company now include a surcharge of 15%, and as this surcharge if removed will produce a corresponding reduction in applicant's operating expenses, it seems logical that rates to be charged by applicant should also be in the form of a base rate plus a surcharge. The rates hereafter authorized and approved for Bay Point Light & Power Company will result in an increase in revenue sufficient to reimburse applicant for increases in cost of purchased power and labor.

#### O R D E R

Bay Point Light and Power Company having applied to the Railroad Commission for authority to increase its electric rates, a public hearing having been held, the matter submitted and now ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that the existing rates of Bay Point Light and Power Company are unjust, unreasonable and inadequate so far as they differ from rates and surcharges hereinafter set forth, which are found to be just and reasonable rates.

Basing its order on the foregoing findings of fact and on the findings of fact contained in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Bay Point Light and Power Company be and the same is hereby authorized to charge and collect the following rates for electric service rendered effective based on all regular meter readings taken on and after the 24th day of August 1920.

SCHEDULE L-1

Cancelling former Schedules 1, 2, 5 and 5.

GENERAL DOMESTIC AND COMMERCIAL LIGHTING

Applicable also to appliances and small motors used in connection with lighting service.

|               |     |     |     |       |     |       |    |    |     |      |
|---------------|-----|-----|-----|-------|-----|-------|----|----|-----|------|
| For the first | 30  | kwh | per | meter | per | month | .. | 9¢ | per | kwh. |
| For the next  | 270 | "   | "   | "     | "   | "     | .. | 2¢ | "   | "    |
| For all over  | 300 | "   | "   | "     | "   | "     | .. | 5¢ | "   | "    |

MINIMUM CHARGE

\$1.20 per meter.

SCHEDULE C-1

Cancelling former schedules 4 and 7

COOKING AND HEATING AND COMBINATION DOMESTIC SERVICE

Applicable to heating and cooking service and to domestic combination lighting, heating and cooking service.

RATE

a. Heating and Cooking Service

|          |     |     |     |       |     |       |    |      |     |      |
|----------|-----|-----|-----|-------|-----|-------|----|------|-----|------|
| First    | 180 | kwh | per | meter | per | month | .. | 3.5¢ | per | kwh. |
| All over | 180 | kwh | per | meter | per | month | .. | 2¢   | per | kwh. |

b. Combination Lighting, Cooking and Heating Service  
(Applicable only to residences, flats and apartments or eight rooms or less)

|          |     |     |     |       |     |       |    |      |     |      |
|----------|-----|-----|-----|-------|-----|-------|----|------|-----|------|
| First    | 30  | kwh | per | meter | per | month | .. | 9¢   | per | kwh. |
| Next     | 150 | "   | "   | "     | "   | "     | .. | 3.5¢ | per | kwh. |
| All over | 180 | "   | "   | "     | "   | "     | .. | 2¢   | per | kwh. |

SCHEDULE C-1 (Cont'd)

MINIMUM CHARGE

75¢ per kilowatt of active connected load per month but not less than \$3.00 per month.

SPECIAL CONDITIONS

1. This schedule applies only where consumers have installed and use cooking and heating appliances other than lamp socket devices or at least 2 kilowatts capacity.
2. Bathrooms, halls and cellars are not classified as active rooms.
3. The active connected cooking, heating and power load shall be taken as 100 percent of the first 2 kw installed and 50 percent of connected load installed in excess of 2 kw, computed to the nearest one-tenth of a kilowatt, but is never to be taken as less than 2 kw. Motors and instantaneous water heaters will be rated as 100 percent active connected load. Motors aggregating not more than 5 h.p. and not in excess of the total connected load of heating and cooking appliances, may be included in this rate and will be rated at 1 kilowatt for each horsepower of output rating. Where the connected load is so arranged that all of it cannot be connected at one time, only the maximum load that can be connected will be used as a basis for the active load. All equipment will be assumed as operating at 100 percent power factor.
4. Combination service is not rendered for residences of over eight rooms.

SCHEDULE P-1

Cancels former Schedule 8.

| Consumption<br>per horse-<br>power per<br>month. | For Installations of |                |                |                |                  |
|--|----------------------|----------------|----------------|----------------|------------------|
|  | Less than<br>10 H.P. | 10 to<br>24 HP | 25 to<br>49 HP | 50 to<br>99 HP | 100 to<br>299 HP |
| First 60 k.w.h.                                  | 4.0¢                 | 3.6¢           | 3.1¢           | 2.6¢           | 2.2¢             |
| Next 60 "  | 2.1                  | 2.0            | 2.0            | 1.7            | 1.5              |
| Next 60 "  | 1.3                  | 1.3            | 1.3            | 1.2            | 1.1              |
| Over 180 "                                       | 1.2                  | 1.1            | 1.0            | 1.0            | 0.9              |

SCHEDULE P-1 (cont'd.)

MINIMUM CHARGE

For the first 50 H.P. . . . . \$1.00 per H.P. per month.  
For each H.P. in excess of 50 . . . . 75¢ " " " "  
In no case to be less than \$2.00 per month.

IT IS HEREBY FURTHER ORDERED that Bay Point Light and Power Company be and it is hereby authorized to charge and collect a surcharge of 15% on all bills rendered under the rates above set forth, said surcharge to be effective on bills based on meter readings taken on and after the 24th day of August and until the 24th day of May 1921 unless otherwise ordered by this Commission.

Dated at San Francisco, California, this 23<sup>d</sup> day  
of August, 1920.

Edwin G. Edgerton  
H. H. [unclear]  
Frank [unclear]  
H. B. [unclear]  
Commissioners.