

ORIGINAL

Decision No. 8242

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
J. G. PETERS for an order of the )  
Railroad Commission authorizing him )  
to increase rates for electric energy ) Application No. 6066.  
and service furnished by him to his )  
consumers of electricity. )

E. D. Peters, for applicant.

By the Commission:

O P I N I O N

In this application J. G. Peters, engaged in supplying electricity in a limited portion of Placer County, alleges that his operating expenses will be affected by the recent increase in the cost of electricity purchased by him from the Pacific Gas and Electric Company and asks that the rates to his consumers be increased to such extent as shall be found just and reasonable by the Commission.

A public hearing was held before Examiner Satterwhite at Colfax on September 21, 1920 and the matter thereupon submitted.

Applicant has no generating facilities, but purchases electricity from Pacific Gas and Electric Company. He supplies about 60 consumers with lighting service under the following schedule of rates established by this Commission's Decision No. 5965 dated August 16, 1918:

Commercial and Residence Lighting and Small  
Power Service

First 30 k.w.h. per meter per month .....10¢ per k.w.h.  
All over 30 " " " " " ..... 6¢ " "

Minimum Charge: \$1.25 per meter per month.

The following table summarizes applicant's operations for the first eight months of the year 1920 as shown by his books:

Gross Revenue	\$1,090.07
Operating Expenses:	
Miscl. Gen. Expense	\$ 16.30
Taxes, 1st install- ment	43.84
Auto upkeep	100.20
Manager's salary and labor	800.00
Purchased Energy	<u>305.80</u>
Net Operating Expenses	<u>1,266.14</u>
Deficit.....	\$ 176.07

Based on the above items of revenue and expense, and extending the same to cover a full year's operations and the present increased cost of power, it appears that applicant will derive a revenue of \$1,890 and will incur actual operating expenses of \$2,044, without making any allowance for depreciation or return upon his investment. Applicant cannot continue to serve his customers if this service is to continue at a loss.

The amount of energy purchased by applicant for distribution to his consumers indicates that in excess of 40% is absorbed in applicant's transmission and distribution lines. Such a loss is excessive and its reduction by the installation of improved facilities will effect a substantial saving to applicant. Applicant's line losses being reduced to a nominal

amount, the deficit above mentioned can be converted into a surplus.

Applicant asks for no return upon his investment and expresses a willingness to charge under such a schedule of rates as will enable him to meet only his expenses. No detailed investigation of the value of applicant's properties has been made herein. It appears, however, that his plant and properties cost in the neighborhood of \$7000. It is not reasonable to expect that any utility should be required to render service under the conditions existing in applicant's territory without receiving at least a nominal return upon the investment devoted to such public service. Increased rates will therefore be granted applicant to permit him to pay his operating expenses and to make a nominal return. It is anticipated that the rates set forth in the order herein will produce a gross revenue of \$2,150 per annum and will leave a surplus of \$300 above operating expenses to apply upon the investment.

#### O R D E R

J. G. Peters having filed with the Railroad Commission an application for authority to increase rates for electric service, a public hearing having been held, the matter being submitted and now ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that the rates now charged by J. G. Peters for electricity are not compensatory rates and are not, under present conditions, just and reasonable rates, and further finds that the rates herein established are just and reasonable rates.

Basing its order on the foregoing findings of fact and the other findings of fact contained in the opinion preceding this

order,

IT IS HEREBY ORDERED that J. G. Peters be and he is hereby authorized to charge for electric service the following schedule of rates, effective for all regular meter readings taken on and after the 20<sup>th</sup> day of October, 1920.

SCHEDULE OF RATES

Residence and Commercial Lighting and  
Small Power Service

First 30 k.w.h. per meter per month ... 12 $\frac{1}{2}$ ¢ per k.w.h.  
All over 30 " " " " " ... 7 $\frac{1}{2}$ ¢ " "

Minimum Charge: \$1.25 per meter per month.

PROVIDED J. G. Peters shall, within ten days of the date of this order, file with the Railroad Commission the schedule of rates herein established.

Dated at San Francisco, California this 15<sup>th</sup> day of October, 1920.

Edwin A. Edgerly

Frank D. Levin

H. B. Bourdage

Dwight Martin  
Commissioners.