

Decision No. 8381

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
NAPA VALLEY ELECTRIC COMPANY for)
authority to increase its rates for) Application No. 5931.
electricity.)

D. L. Beard, for applicant.

MARTIN, Commissioner.

O P I N I O N

In this proceeding Napa Valley Electric Company, hereinafter referred to as applicant, alleges that its present rates for electricity are insufficient, by reason of the increases in costs of labor and material in its operations, and requests that the Commission establish new rates which will reflect the present level of its operating costs.

Applicant also submits for the consideration of the Commission in connection with an adjustment of its electric rates, the propriety of its earning a return upon the value of a certain electric line which it leases from Snow Mountain Water & Power Company, and the propriety of a reapportionment of certain of its expenses as between its electric business and its gas business.

A public hearing was held in St. Helena, at which time evidence was presented and thereafter a report filed by the Commission's Engineering Department. Applicant having

made its reply to this report, the matter is now submitted and ready for decision.

Referring to the matter of applicant being permitted to earn a return upon the value of the line which it leases from the Snow Mountain Water & Power Company, I desire to point out that this matter has already been fully considered by the Commission in connection with Cases Nos. 508 and 538, and in Decision No. 1530 (Vol. 4, page 1061, Opinions and Orders of the Railroad Commission) and in Decision 1663 (Vol. 5, page 64, Opinions and Orders of the Railroad Commission) the propriety of applicant's proposal in this same connection was ruled upon. The conditions under which this line is now being operated by applicant are identical with the conditions considered at the time of these earlier decisions. There appears no occasion for any modification of our past rulings in this matter.

An examination of applicant's accounts shows that the present method of apportionment of certain expenses which are common to both its gas and electric operations is subject to some change in order to more properly apportion these charges to the two divisions of its business. Applicant's electric revenues now constitute in excess of 91% of its total business and its gas consumers number 105 out of a total of 769. In ascertaining the proper expenses to be charged by applicant in connection with its electric business full consideration has been given to the apportionment of such expenses.

Applicant purchases its entire supply of electric energy from Snow Mountain Water & Power Company and pays for same in accordance with the rate which was in effect in 1914.

It has been faced with the constantly increasing costs of labor and materials used in the operation of its distribution system as have other utilities in the State. The following table, deduced from the evidence herein, shows the results of its electric operations for the year 1919 and for the first six months of 1920, together with the result of continuing the present rates a full year.

NAPA VALLEY ELECTRIC COMPANY
Electric Revenue and Expenses

	<u>Year 1919</u>	<u>First Six Months 1920</u>	<u>Ensuing Year Under Exist- ing Conditions</u>
Operating Revenue	\$30,309.64	\$15,868.60	\$30,500.00
Merchandise & Jobbing	1,806.55		1,000.00
Total Electric Revenue	<u>32,116.19</u>		<u>31,500.00</u>
Operating Expenses:			
Production	\$9,949.40	\$5,120.00	\$10,000.00
Distribution	1,110.69	923.94	2,000.00
Commercial	347.88	69.21	350.00
General Officers	5,273.16	3,386.40	7,000.00
Misc. General Expense	4,286.23	3,760.40	7,500.00
Taxes	1,446.00	888.74	1,800.00
Total	<u>\$22,413.36</u>	<u>\$14,148.69</u>	<u>\$28,650.00</u>
Net Income	\$9,702.83	\$1,719.91	\$2,850.00
Depreciation	2,790.00	1,480.00	2,960.00
Return	<u>\$6,913.00</u>	<u>\$ 240.00</u>	<u>\$ 110.00*</u>

* Deficit.

It is apparent from the figures shown in the above tabulation that applicant's present rates do not produce sufficient revenue to pay its operating expenses and a reasonable allowance for depreciation, without regard to any return upon its investment. It is hardly to be expected that applicant can continue to serve the public under these conditions. The rates which are now charged were established by this Commission in 1914 and have been in effect continuously for a period of

six years, during which time the costs incidental to applicant's electric business have substantially increased, with the single exception of the cost of its power supply from Snow Mountain Water & Power Company. It is surprising that applicant has withstood the increased costs of the last several years without seeking relief. The rates established in the Order herein are intended to provide applicant with sufficient revenue to properly meet the operating expenses of its electric business, to set aside a proper depreciation reserve, and to yield it a fair return upon the value of its electric properties.

I recommend the following form of Order:

O R D E R

Napa Valley Company having applied to the Railroad Commission for authority to increase its rates for electricity, a public hearing having been held, the matter being now submitted and ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that the present rates for electricity charged by Napa Valley Electric Company are not just or reasonable rates in so far as they differ from the rates herein established, which rates are found to be just and reasonable rates for electricity to be charged by Napa Valley Electric Company.

Based on its Order on the foregoing findings of fact and on the findings of fact in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Napa Valley Electric Company be and it is hereby authorized to charge and collect for

electricity the following rates, effective for all regular meter readings taken on and after the 6th day of December, 1920, to-wit:

SCHEDULE L-1

General Lighting Service (including small single phase motors not exceeding 3 h.p. used in connection with lighting service.)

(Cancels Schedule A now in effect.)

Rate:

For the first 20 k.w.h. per mo. per meter 12¢ per k.w.h.
All over 20 " " " " " " 6¢ " "

Minimum Charge: Inside of incorporated towns, \$1.00
per meter per month.
Outside of incorporated towns, \$1.25
per meter per month.

SCHEDULE L-2

Street Lighting Service.

(Cancelling Schedule F now in effect.)

Rate: 6¢ per k.w.h.

SCHEDULE C

Cooking and Heating Service.

(Cancelling Schedule I now in effect.)

Rate: 4¢ per k.w.h.

Minimum Charge: \$2.50 per meter per month.

SCHEDULE P-1

General Power Service

(Cancelling Schedules B, C and H now in effect)

Rate:

For the first 60 k.w.h. per horsepower per month
Connected loads of less than 15 h.p. 5¹/₂¢ per kwh.
" " " 15 h.p. and larger 4¹/₂¢ " "

For the next 90 k.w.h. per h.p. per mo. . . 3¢ " "
" " " 150 " " " " " " . . 2¢ " "
All over 300 " " " " " " . . 1¹/₂¢ " "

Minimum Charge:

For the first 15 h.p. . . . \$1.00 per h.p. per mo.
All over 15 " . . . 0.75 " " " "

Special Conditions:

If service is delivered at primary voltage a discount of 15% will be made from the above charges.

SCHEDULE P-2

Seasonal Power Service.

(Cancelling Schedules D, E, H and J now in effect)

A contract of one year will be required of consumers on this schedule.

Rate:

For the first 60 k.w.h. per horsepower per month
Connected loads of less than 15 h.p. 5¹/₂¢ per kwh.
" " " 15 hp. and larger 4¹/₂¢ " "

For the next 90 k.w.h. per h.p. per mo. 3¢ per k.w.h.
" " " 150 " " " " " " 2¢ " "
All over 300 " " " " " " 1¹/₂¢ " "

Minimum Charge:

First 15 h.p. \$12.00 per h.p. per year.
All over 15 " 8.00 " " " "

Special Conditions:

When service is delivered at primary voltage a discount of 15% will be made from the above charges.

SCHEDULE P-3

Wholesale Power Service to California
Telephone and Light Company at Bale
Station.

For the first 15,000 kwh per mo.	2¢ per kwh.
All over 15,000 " " "	1.7¢ per kwh.

IT IS HEREBY FURTHER ORDERED that Napa Valley Electric Company file, within ten days of the date of this Order, schedules of electric rates herein authorized.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 26th day
of November, 1920.

Edw. G. Edgerton
H. D. Townsend
Frank R. Herbin
H. B. Brundage
James Martin
Commissioners.