

Decision No. 2723

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Suspension by)
the Commission on its own motion)
of Schedule S-P-10 of San Joaquin)
Light and Power Corporation.)

Case No. 3904.

In the Matter of the Suspension by)
the Commission on its own motion)
of Schedule P-98 of Pacific Gas and)
Electric Company.)

Case No. 3905.

J. J. Deuel, for California Farm Bureau Federation.

C. P. Cutten and R. W. DuVal, by R. W. DuVal, for
Pacific Gas and Electric Company and
San Joaquin Light and Power Corporation.

BY THE COMMISSION:

O P I N I O N

Under date of September 24, 1934, this Commission suspended Schedule S-P-10 of San Joaquin Light and Power Corporation and Schedule P-98 of Pacific Gas and Electric Company. These schedules were filed by the respective utilities to cover electric service for winter irrigation limited to the six month period October 1, 1934, to April 1, 1935, and differ from the regular agricultural schedules in that, although the energy charge is the same, the annual demand or service charge is entirely eliminated. While separate cases were made of these matters as above entitled, the issues therein are identical and the cases were therefore consolidated for hearing before Commissioner Ware on October 2, 1934.

Both utilities urged the approval of their respective schedules, principally on the ground that a substantial portion of pumping plant installations now idle could be thereby secured and served. They further contend that pursuant to the operation of such rates, a substantial portion of these installations would be retained on the regular agricultural schedule during the ensuing

agricultural season beginning April 1, 1935. Such results would appear to be of assistance and benefit to those agriculturists who could make use of these winter rates; and would be the means of securing additional revenue from utility facilities now idle and burdened with fixed charges.

California Farm Bureau Federation protested the schedules involved herein and contended that such rates would result in serious discrimination by penalizing the large majority of agricultural consumers who had been and were compelled to meet the demand or annual service charges of the regular agricultural schedules in effect for 12 months beginning April 1 of each year. Said Federation further urged that if any concessions were to be made in agricultural rates, such concessions should apply equally to all consumers rather than to a small minority who alone could find it possible to take advantage of the schedules proposed by the utilities.

The Commission recognizes the existence and effect upon these utilities of past and present increasing competition; and likewise recognizes the existence and effect upon these utilities of past and present increasing surplus of power. It is therefore patent that encouragement should and will be extended to the utilities in any experimental efforts toward new rates designed to cope with this increasing competition and to consume this increasing surplus power. Such experimental rates are in the public interest. But before any such experimental rates can be safely approved by this Commission, they must possess no unreasonable or unjust discrimination.

A consideration of the crops, and seasons which are involved in these rates, impels the conclusion that the great majority of the agricultural consumers would gain no possible advantage from the operation of these rates. Such rates would in fact be useless to them. A certain and very few agriculturists

could alone enjoy them. This fact of itself presents a serious discrimination.

The existing rate structure is a combination of a demand, or an annual service charge, and an energy charge. These two constant elements represent the cost of service. It is natural and necessary that the demand or service charge is distinctively annual in character and must be paid by all consumers alike irrespective of the amount of energy used. We cannot fail to recognize an unreasonable discrimination in the rates under consideration because they are primarily designed to relieve a small and limited group of consumers from any part of the burden of these demand charges.

The Commission is desirous of permitting the electric utilities under present operating conditions to exercise proper discretion in the matter of experimental or promotional forms of rates. The Commission anticipates and expects that the utilities will make every possible effort to increase the use of power and lower the cost of service. But the Commission cannot approve rates that offer special privileges to a limited number within a class or group. Any such course would prove burdensome and unjust to the remaining consumers.

Therefore, the order herein shall provide for the cancellation of the two rate schedules herein considered.

ORDER

The Railroad Commission having on its own motion ordered the suspension of Schedule S-P-10 of San Joaquin Light and Power Corporation and Schedule P-98 of Pacific Gas and Electric Company, the two cases herein having been combined, a public hearing having been held and the matter being submitted and now ready for decision,

IT IS HEREBY ORDERED that Schedule S-P-10 of San
Joaquin Light and Power Corporation and Schedule P-98 of Pacific
Gas and Electric Company be and the same are hereby cancelled.

Dated at San Francisco, California, this 27th day
of October, 1934.

Leon A. Whittell

W. J. Con

W. B. Harris

M. H. [unclear]

Commissioners.