

Decision No. 29177

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE SOUTHERN SIERRAS POWER COMPANY, an Electrical Public Utility Corporation, for approval and authorization permitting said Company to undertake, construct, maintain and operate in public service a rural electrification experiment consisting of 45 miles of electric extension lines and appurtenant operating equipment in the Palo Verde Valley, Riverside County, California, and for said purpose to permit said Company to waive said Company's Rule and Regulation No. 20 and the requirements thereof pertaining to Electric Power Line and Service Extensions (Rules and Regulation Sheets bearing C.R.C. No. 624-E, 848-E, 626-E, 349-E, 850-E and 855-E).

ORIGINAL

Application No. 20737.

Gilbert C. Delvaille, for applicant.

R. H. Ehlers, W. G. Schollengerber, and C. P. Mahoney (a committee) for the Palo Verde Irrigation District, Blythe, California.

G. Setzler, for the Times (a newspaper) of Blythe.

WHEATSELL, COMMISSIONER:

O P I N I O N

In the above entitled application The Southern Sierras Power Company, an electrical public utility corporation, asks the Commission for approval and authorization permitting it to construct, maintain and operate forty-five miles of electrical extension lines in the territory of the Palo Verde Valley contiguous to the city of Blythe on an experimental basis more liberal

to consumers than provided under its present extension rule (Rule and Regulation No. 20).

Public hearing was held in the city of Blythe on September 24, 1936, at which time the matter was submitted for decision.

Applicant now is and for some time past has been operating a public utility business in the State of California, particularly in the counties of Mono, Inyo, Kern, San Bernardino, Riverside and Imperial, supplying electric energy and service for power, heating, lighting and other purposes for which electric energy may be used.

In this proceeding the applicant desires to extend its facilities on an experimental basis in that certain area located in the county of Riverside, California, known as the Palo Verde Valley, and particularly in the city of Blythe and contiguous territory. The extension referred to involves the construction of forty-five miles of line to serve approximately 138 to 157 consumers with electric energy in the city of Blythe and adjacent territory, requiring the installation of necessary substations, transformers, meters and services substantially as indicated on a map marked Exhibit "A" attached to and made a part of the application.

Applicant alleges that no certificate of public convenience and necessity is required as the existing franchises and certificates held by the Company cover the territory involved.

Testimony was presented by applicant at the hearing setting forth the results of a survey which it had made of the rural areas in the Palo Verde Valley. It is estimated the cost of the proposed extension of forty-five miles will be approxi-

mately fifty-four thousand six hundred dollars (\$54,600.00) and from such survey it is estimated approximately 138 to 157 of the 273 unserved rural residence dwellings in Palo Verde Valley can be provided with electric energy and service. It is estimated the annual revenue to be obtained from this extension will be approximately one-sixth the total estimated cost and will yield a six per cent (6%) return on an increment cost basis.

The project as contemplated is to be undertaken on a wholesale construction basis without the regular prerequisite of signed contracts for service and purchase of appliances by consumers.

Applicant pointed out that this method of construction will result in considerable savings in construction costs as compared with the cost on the piecemeal basis provided under its Rule and Regulation No. 20, due to purchase of materials in large quantities, the elimination of duplication of labor, transportation and engineering costs, etc.

It was brought out in the hearing that there is an insistent demand for service in this territory. Mr. G. W. Scott, Superintendent of Schools, stated that there was a need for electric service in the Ripley School, which could be served if the proposed extension was constructed. A letter was introduced from the California Farm Bureau Federation, signed by J. J. Deuol, in favor of the project. C. P. Mahoney, representing the Palo Verde Irrigation District, introduced a resolution adopted by the Board of said District on the twenty-first day of September, 1936, wherein the Board earnestly requested favorable consideration by the Commission of the instant application provided construction would commence

within sixty (60) days from the granting of the Order herein and would progress continuously until the proposed lines and connections have been completed.

Mr. C. P. Mahoney, engineer for the Palo Verde Irrigation District, raised the question as to whether any losses or deficits incurred by the construction and operation of the proposed extension would result in a burden through increased rates to present consumers on the applicant's system. Applicant stated that it proposed to charge the same rates for service from this extension as are in effect in the City of Blythe, and any losses or deficits which may result from the construction and operation of the proposed line extension will be charged to surplus of the applicant and not be payable by or be made a burden upon the other consumers.

In order that the Commission may be fully advised regarding this experimental project applicant agrees to set up and keep separate accounting records showing the investment, cost of operation, and revenues, on and in connection with the said proposed line extensions and make periodic reports thereof, and such other additional reports as the Commission may require.

After giving careful consideration to all the circumstances involved, it appears to be to the best interests of the public that this application be granted. The following form of Order is submitted.

O R D E R

The Southern Sierras Power Company having applied for an

order authorizing it to deviate from its Extension Rule and Regulation No. 20 on file with this Commission in order to construct and extend its distribution facilities in that certain territory in the city of Blythe and contiguous rural territory in the Palo Verde Valley, on an experimental wholesale construction basis more liberal than that provided under its present Extension Rule and Regulation No. 20, the matter having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that The Southern Sierras Power Company is hereby authorized to deviate from its Extension Rule and Regulation No. 20 in order to proceed with the construction project all as described in the foregoing Opinion and as set forth in the application here involved, subject, however, to the following conditions and not otherwise:

1. That the authorization herein granted applies only to the specific experimental project as outlined in the application and as delineated on the map marked Exhibit "A" attached thereto and made a part thereof.
2. That applicant furnish this Commission with the following information as soon as possible after the completion of this project:
 - a. Dates of commencement and completion of project.
 - b. Location of lines constructed.
 - c. Number and location of consumers connected.
 - d. Cost of construction by accounts.
 - e. Monthly revenue by classifications of consumers until further notice.
3. That any losses or deficits which may result from the construction and operation of this project shall be charged to surplus and not become a burden upon the other consumers.

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.

The effective date of this Order shall be the date hereof.

Dated at San Francisco, California, this 13th day of
October, 1936.

M. B. Harris

W. H. Carr

Walter S. ...

Frank ...

Commissioners.