

Decision No. 35951

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:
JOHANNA M. GOFF, sole proprietor of
SIERRA CITY ELECTRIC LIGHT PLANT, for
order authorizing change of rates
from those known as "flat rates" to
those known as "metered rates."

ORIGINAL

Application No. 24506

T. Y. Sturtevant for Applicant

BY THE COMMISSION:

OPINION

Johanna M. Coff, sole proprietor of Sierra City Electric Light Plant has asked for an order authorizing her to discontinue the use of flat rates and to substitute therefor metered rates, copies of which are attached to this application and marked "Exhibit A."

The language of this application is misleading because applicant now supplies flat rate service only to domestic customers, having discontinued flat rates to commercial users July 31, 1939, on which date a schedule of metered rates for commercial lighting service, filed informally, was made effective by the Commission. Clearly stated, applicant asks to substitute metered rates for flat rates for domestic service, to reduce its present metered rates for commercial lighting service with a slight increase in the minimum charge, and to file as a general schedule for street and highway lighting service, rates now being charged under contract. These intentions are clearly evidenced by the three schedules set up in the exhibit.

A hearing on the application was held by Examiner Daly in Sierra City on August 22, 1942.

Applicant or her family have, since 1905, supplied limited electric lighting service in the town of Sierra City. Originally this service was supplied by means of a hydro driven direct current generator, which

gradually deteriorated and was replaced by an alternating current generator during the year 1938. At the same time, the distribution system was rehabilitated and thereafter regular service has been maintained.

Applicant's reported plant investment was \$5,376.97 on January 1, 1941, and \$6,060.45 on December 31, 1941. Its reported indebtedness on December 31, 1941, consisted of two long-term notes aggregating \$4,500 and one short-term note for \$385. The net earnings for the year, based on reported figures adjusted by the Commission's staff were \$370.63. A brief review of applicant's investment in plant facilities and other miscellaneous items indicates an adjusted figure of approximately \$6,500 which may be taken as the capital base for computing the rate of return. For the year ending December 31, 1941, such rate of return was approximately 5.7% and for the fiscal year ending June 30, 1942, there was a serious decline in revenues due to the loss of customers resulting in a much lesser return which is understood to have been occasioned by the migration of labor to shipyards and other centers of industry. Applicant's customers numbered 50 as of December 1, 1941, and as of the last named period this number was reduced to 35.

Applicant at this time, however, is not seeking to increase revenues by increasing rates through the medium of metered service. It is applicant's stated purpose, however, to endeavor to bring about a more economic use of electric service and to reduce the discrimination that may now exist as between different customers because of the unequal use of the service rendered on a flat basis.

The Commission is of the opinion that the change sought by applicant is reasonable and justified inasmuch as experience has long past demonstrated the wastefulness of flat rate service, and this little community is nearly the last one in the state to change from such a basis to metered service. While this is true, the Commission must call to applicant's attention a war measure known as Emergency Price Control Act of October 2, 1942, which requires that any utility proposing to increase rates must notify the Director of Office of Economic Stabilization 30 days before the effective date of such proposed rate change.

Although the Commission views the proposed rate changes as not establishing higher rates for the service rendered as a whole, nevertheless, the change contemplated may have the effect of actually increasing some customer billings and so must be looked upon as possibly coming within said Emergency Price Control Act. Therefore, our permissive order granting the application will be made effective at a date sufficiently advanced to permit applicant to comply with the provisions of the Federal act, if that be necessary.

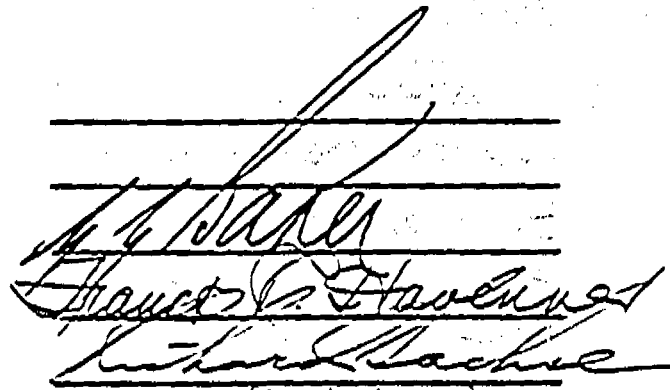
ORDER

Johanna M. Goff, applicant and sole proprietor of Sierra City Electric Light Plant, having made request for an order authorizing her to discontinue the use of flat rates to her electric customers and to put into effect metered and other rates set forth in "Exhibit A" of this application, the hearing on the application having been held, the matter having been submitted, the Commission having considered it and being of the opinion that the change in the rate schedules is justified,

IT IS ORDERED that Johanna M. Goff be and she is hereby granted permission to cancel the electric rates now in effect on the system of Sierra City Electric Light Plant, and charge in lieu thereof the rates set forth in "Exhibit A" of this application. Said meter rates in "Exhibit A" may be made effective with meter readings taken on and after December 31, 1942. It is the condition of this order if, metered service is rendered, that applicant must advise each customer of a change in rates by tendering a copy of the schedule of rates as authorized not later than the time when the first billing is rendered under said metered rates. And further, applicant shall make necessary filing with this Commission not later than 5 days before said rates in "Exhibit A" shall become effective.

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

Dated at San Francisco, California, this 10th day of November 1942.



(Commissioners)