

ORIGINAL

Decision No. 46176

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

MUTUAL HOUSING ASSOCIATION OF
COMPTON, a corporation,

Complainant,

vs.

SOUTHERN CALIFORNIA EDISON COMPANY, LTD.,
a corporation,

Defendant.

Case No. 4968

Investigation on the Commission's own
motion into the reasonableness and
propriety of the rates, rules, regulations,
contracts, practices and operations of
SOUTHERN CALIFORNIA EDISON COMPANY in
furnishing electrical services in or to
the Victory Park Housing Project of
Mutual Housing Association of Compton.

Case No. 5012

George E. Atkinson, Jr. and John L. Fitzgerald,
for complainant. Bruce Renwick and Rollin E.
Woodbury and Harry W. Sturges, Jr., for
defendant. Robert P. O'Brien, C. T. Mess, and
Lewis Knerr, for the Commission.

O P I N I O N

Complainant herein is a mutual nonprofit corporation,
organized under California law, and engaged in the operation of
a housing project in Compton, California, known as Victory Park
Housing Project. Defendant is a public utility engaged in the
business of producing and distributing electricity in various
localities in the State of California, and, in particular,
providing service to the Victory Park Housing Project.

The Victory Park Housing Project is located on approximately 80 acres of land in the City of Compton, bounded on the north by adjoining real property about 200 feet from Compton Avenue, on the east by the Los Angeles County Flood Control Channel, on the south by Olive Street, and on the west by Wilmington Avenue. In 1942 the Federal Public Housing Authority of the United States Government constructed on the aforescribed property five hundred (500) dwelling units contained in seventy-six (76) two-story buildings and ninety-eight (98) one-story buildings. In addition, there were constructed an administration and maintenance building comprising about 2,500 square feet and an auditorium of about 4,800 square feet. In 1943 a public elementary school was constructed by the Federal Public Housing Authority in the center of the project, which has since been operated by the Compton Elementary School District.

At the time of its construction the Federal Public Housing Authority installed in the project a complete electric distribution system, together with all wiring of each dwelling unit, and of each building, including the school, installation of fifty-two (52) street lights, and the necessary transformers and other equipment. All of this distribution system was connected to a master meter located near the intersection of Olive Street and the Los Angeles County Flood Control Channel at the southeast corner of the project.

The defendant company furnished electrical energy to this master meter under a contract with the United States Government, at the following rates ^{1/}:

(a) Rate L-2*

First	20 kwh	per month	\$1.00
Next	80 "	" " "	4.6¢ per kwh
Next	400 "	" " "	3.8¢ " "
Next	500 "	" " "	3.3¢ " "
Next	1,000 "	" " "	2.9¢ " "
Next	1,000 "	" " "	2.6¢ " "
Next	5,000 "	" " "	2.0¢ " "
All over	8,000 "	" " "	1.5¢ " "

Minimum charge - \$1.00 per month.

For all single-phase power service connected in excess of 3 hp, an additional minimum charge of \$1.00 per hp per month.

- (b) Revision of Rates: If, during the period of this contract, increased or reduced rates are made applicable to service of the type supplied hereunder, such increased or decreased rates shall be applicable to the service supplied under this contract.

On February 18, 1947, the project was declared surplus by the Federal Public Housing Authority, and was offered for sale. Subsequently, it was purchased by the residents of the project, who incorporated as a mutual nonprofit housing association for that purpose. The name of the complainant corporation is the Mutual Housing Association of Compton. Under date of June 1, 1947, complainant entered into a contract of sale ^{2/} with the Federal Public Housing Authority, providing for the sale of the project.

^{1/} Exhibit No. 9 is a copy of the contract dated September 25, 1942. This Commission authorized the utility to enter into this contract by Decision No. 35788, dated September 22, 1942, in Application No. 25225.

* The filed Southern California Edison schedule from which these rates were obtained was superseded for the Compton area by Schedule L-3, effective June 1, 1946.

^{2/} Exhibit No. 4.

The project was operated under the terms of this contract of sale until the date of its cancellation by the Government on May 1, 1948, at which time complainant received a deed to the project. As of the latter date, defendant utility commenced to charge different and higher rates for the electric energy furnished to the project, as follows:

Rates for 500 dwelling units:

Schedule D-3 (Revised C.R.C. Sheet No. 2229-E)

<u>Kwh Per Meter</u> <u>Per Month</u>	<u>Rate (L)</u>
First 16, or less	\$ 0.90

	<u>Cents per Kwh</u>
Next 34	4.3
" 50	2.9
" 100	2.1
" 25	1.5
All excess	1.5

Minimum Charge:

(A) for Rate (L) or Rate (RW):

	<u>Per Month</u>
First 12 kw or less of connected load in major equipment	\$0.90 per meter
Next 10 kw or less of connected load in major equipment	0.50 " kw
All over 22 kw of connected load in major equipment	0.30 " kw

Schedule DM-1 (Revised C.R.C. Sheet No. 2247-E)

Rate:

- (L) Customer not qualifying under special condition (b): Rate (L) of the applicable Domestic Rate Schedule increased as follows: The first, second, and third kwh blocks shall be increased by multiplying each block by the number of single-family accommodations on the meter.

Minimum Charge:

(A) for Rate (L):

The minimum charge is the sum of the minimum charges applicable to each single-family accommodation as if separately metered under Rate (L) of the applicable Domestic Service Schedule.

Rates for Street Lighting:

Schedule LS-3 (Revised Cal. P.U.C. Sheet No. 2421-E)

Rate:

(1) Energy Charge

Cents
per Kwh

(a) For the first 50 kw or less
of connected load:
First 135 kwh per month
per kw 2.45
All over 135 kwh per
month per kw 0.70

(b) For all connected load in
excess of the first 50 kw:
First 135 kwh per month
per kw 2.35
All over 135 kwh per
month per kw 0.60

(2) Mercury Vapor Lamp Charge - Series Systems

For each kw of mercury
vapor lamp load 0.45 per mo.

(3) Meter Service Charge

For each meter required
(series or multiple) \$1.00 per mo.

(4) Switching Charge

(a) Series Systems \$1.50 per switching
service per mo.
(b) Multiple Systems \$0.50 per switching
service per mo.

Minimum Charge:

(a) Series Systems \$5.00 per meter per month
(b) Multiple " 2.50 " " " "

Rates for Administration Building, Auditorium, and School:

Schedule L-3 (Revised C.R.C. Sheet No. 2252-E)

Rate:

Block Rate (A)

	Kwh per Meter Per Month	
First	16 or less	\$0.90 Cents per kwh
Next	84	4.3
"	400	3.7
"	500	3.2
"	1000	2.8
"	1000	2.5
"	3000	1.9
All over	6000	1.5

Demand Meter Rate (B)

Available to any customer guaranteeing Minimum Charge (B) for a period of one year.

First	150 kwh per month per kw of Billing Demand-Block Rate (A)
Next	100 kwh per month per kw of Billing Demand 1.5¢ per kwh
All over	250 kwh per month per kw of Billing Demand 0.8¢ per kwh

Minimum Charge:

(A) For Block Rate (A):

	<u>Per Month</u>
Lighting service including power service of 3 hp, or less	per \$0.90 meter
Additional power service, connected load	1.00 per hp

(B) For Demand Meter Rate (B):

The rate charge for 100 kwh per kw of Billing Demand at Block Rate (A), but not less than \$100 per meter per month.

While the foregoing rates were charged subsequent to May 1, 1948, for the various types of usage of electricity in the project, it should be noted that the breakdowns were estimated,

there being no meters to measure each type of use.

As a result of these increased charges on August 30, 1948, in Case No. 4968, the complaint was filed requesting this Commission to require the defendant utility to extend to complainant the same rates as were afforded under the contract between the defendant and the United States Government, or such other schedule of rates as may be found reasonable, and requesting that complainant be reimbursed for the additional amounts it has paid in rates since May 1, 1948.

Defendant utility, in its answer, requests dismissal of the complaint and an order requiring plaintiff to pay for any electrical energy received, in accordance with the utility's regularly filed tariff schedules. The answer alleges that to serve complainant under the terms of the aforesaid contract would be unreasonable and discriminatory, and that to avoid this there should be a separate meter for each dwelling unit served. The answer further suggests that complainant is conducting operations as a public utility without having secured proper authorization from this Commission and that it be ordered to cease and desist therefrom.

Public hearings were held in Los Angeles before Examiner Syphers on January 12, 13, 14, and March 21, 23, and 24, 1949, at which times evidence was adduced relating to the complaint and answer. Under date of April 5, 1949, this Commission, in Case No. 5012, issued an Order Instituting Investigation, which order resulted from a petition filed on March 29, 1949, by the Mutual Housing Association requesting the Commission to fix and determine applicable and reasonable electric rates for the Victory Park

Housing Project. This matter was consolidated with Case No. 4968, and further hearings were held in Los Angeles on November 21 and 22, 1949, and January 4, 5, and 6, 1950. On this last-named date the testimony was concluded and the parties were granted permission to file briefs. Briefs have been filed and the matter is ready for decision.

During the course of the hearing detailed testimony was presented as to the nature and method of operations of the Mutual Housing Association of Compton. Exhibit No. 1, a copy of the Articles of Incorporation which were filed January 8, 1947, shows the association to be a nonprofit corporation, having no capital stock but setting up memberships, the qualifications for which are provided in the By-Laws^{3/}. Memberships are limited to residents of Victory Park who must pay a membership fee of \$10.00 and enter into a contract with the association. In addition, a person who becomes a member and occupies one of the dwelling units must pay a deposit which originally amounted to \$50.00, but which is now 5% of the value of the unit.

Exhibit No. 3, a copy of the contract between the association and its members, among other things, provides that the member's interest in the property he occupies is a right of "perpetual use". For this right the member pays a specified monthly payment^{4/} which is to be applied on the principal due, the

3/ Exhibit No. 2

4/ Exhibit No. 41 shows these monthly payments to be:

1-bedroom apartments	\$39.50
2-bedroom apartments	42.00 and 43.50
3-bedroom apartments	46.50

interest, and operating expenses, including all utilities. The member is restricted from subletting his property for periods of longer than six months and from selling his interest without first offering it to the association. After the principal or purchase price^{5/} is paid, then the member's monthly payments are reduced to his share of the operating expenses. The contract may be terminated by the member or by a four-fifth vote of the Board of Directors of the association, coupled with a thirty-day notice to the member.

The association in turn operates under a mortgage (Exhibit No. 6) and a note (Exhibit No. 5), both executed in favor of the Public Housing Administration^{6/} of the United States Government. These documents require that the association must maintain its status as a "nonprofit" mutual ownership housing corporation under the laws of the State of California and must not amend its Articles of Incorporation or its By-laws without the consent of the Public Housing Administration. Violation of these provisions will cause the unpaid balance of the note^{7/} as well as all interest accrued, to become due and payable immediately without notice or demand.

5/ The original "purchase price" for each type of unit was:

1-bedroom apartments	\$3,254.80
2-bedroom apartments	3,504.80 and \$3,654.80
3-bedroom apartments	3,954.80

6/ This agency is the successor to the Federal Public Housing Authority.

7/ The note was executed in the amount of \$1,710,000, payable in monthly installments over a period of forty years, and bearing 3-1/2% interest.

At the time of the hearings, it was testified, all residents of the project, except one family, were members of the association, and eviction proceedings were pending against this one family.

The association operates the project, maintaining the utilities, the administration building and auditorium, and the general landscaping. Each member maintains his own apartment and the property immediate thereto.

The property has never been subdivided into lots. The playground and auditorium are used by all. The streets in the project have been dedicated to the City of Compton.^{8/}

There are prescribed standards for occupancy in the project which are set out in Exhibit No. 18. This exhibit, which is attached to the mortgage (Exhibit No. 6), sets out three standards of preference to be followed by the association in accepting members: (1) tenants who occupied the premises on or before January 24, 1947, (2) veterans of World War II, and (3) other classes as prescribed by the Board of Directors.

The association "polices" the project to the extent of attempting to prevent abuses in the amount of electricity consumed, although the only specific restrictions are those against the use of electric heating and electric cooking.

A handbook of rules^{9/} has been prescribed by the association for its members, and a certificate of membership^{10/} is issued to each member, entitling him to one vote in the affairs of the association. The membership is nontransferable.

^{8/} Exhibit No. 27.
^{9/} Exhibit No. 15.
^{10/} Exhibit No. 17.

Considerable testimony was presented relating to the status of the project as operated by the association and as operated by Federal Public Housing Authority. During the interim period between government ownership and association ownership, from June 1, 1947, to May 1, 1948, the association was the duly authorized representative of the Federal Public Housing Authority^{11/}, and its relations with the Edison Company were conducted in accordance with the terms of the contract previously referred to herein (Exhibit No. 9). However, the evidence shows that, by an exchange of letters^{12/}, the Edison Company and the Public Housing Administration, as successor to the Federal Public Housing Authority, effected a termination of this contract as of May 1, 1948. The evidence also shows that prior to this date the Edison Company made an offer to purchase the overhead electric distribution facilities, which offer was rejected and a \$1,000 deposit returned by letter dated April 12, 1948, from the Public Housing Administration to the Edison Company.

Subsequent to May 1, 1948, the association has conducted operations as heretofore indicated, making monthly collections from its members and monthly payment to the Public Housing Administration. These monthly payments include payment on the note and interest, one-twelfth of the yearly taxes, and one-twelfth of the annual insurance. The taxes and insurance, in turn, are paid by the Public Housing Administration. The bookkeeping of the association is carried out on forms supplied by the government agency.

^{11/} Exhibit No. 12

^{12/} Exhibit No. 13

Of the original property encompassed in this project, 1.74 acres were used for an elementary school building. This school, although connected to the administration building by a parkway, may be considered to be separate and distinct from the other buildings in the project. It is not owned or controlled by the association but is operated by the Compton Elementary School District. The children attending this school include the children of the residents of Victory Park and, in addition, there are children attending the school who are residents of an area west of Victory Park.

The Compton Elementary School District pays the association \$15.00 per month for all of the utilities used. This, of course, includes the electricity served through the master meter and charged by the Edison Company to the association. There is not a separate meter on the school.

To meet its requirements for additional classrooms, it has been necessary for the school to rent eight apartment units from the association, at a monthly rental of \$46.50 per unit.

Exhibit No. 43 is a list of the items comprising the electric distribution system at Victory Park, exclusive of the interior wiring in each building. A witness for the complainant testified that the original cost of this system amounted to \$31,755.00, and likewise that this was the amount which the association paid to the government for this distribution system. However, other testimony developed that there was considerable uncertainty as to whether or not this figure included items in addition to the exterior distribution system. According to all of the evidence in the record pertinent to this point the

electric distribution system in Victory Park is and has been since its installation operating satisfactorily. The testimony indicates that the needed repairs have been made when necessary and that the system has been maintained properly. While a witness for the Edison Company did venture an opinion that the transformers are overloaded, based on a study of demand charts showing the use of electricity in the project, still the same witness conceded that he had made no study as to the present condition of these transformers or as to the amount of use each is put to. He further indicated that, in his opinion, the transformers presently were operating satisfactorily.

Other witnesses testified that there had been no complaint as to the electrical equipment in Victory Park. Another physical fact which should be noted is that each building in the project has meter sockets already installed for each dwelling unit. Exhibit No. 40 is a photograph of such an installation.

Upon the foregoing facts, as developed by the evidence herein, the issues have been joined. We now set out a statement and discussion of each issue.

Issue One: Is the association the successor in interest of the Public Housing Administration so as to be entitled to the benefits of the government's contract with the Edison Company?

We hold that it is not. There was no evidence of any assignment by the Public Housing Administration of its rights under the contract. More compelling than this, however, are the letters in Exhibit No. 13, one from the Public Housing

Administration to the Edison Company, containing a notice of cancellation, and a reply by the Edison Company accepting such cancellation. We can only conclude that the original contract was thereby terminated, and that there is now no contract between the parties hereto.

Issue Two: Is the association now conducting operations as a public utility, without authority as required by the statute?

At the outset of the consideration of this issue it is well to observe that the service of electricity to the school presents a problem different from that presented by the service to the rest of the tract. Accordingly, we will consider the school separately, following a consideration of the other areas involved.

The pertinent provisions of the Public Utilities Act of the State of California follow:

Sec. 2 (r) "The term 'electrical corporation', when used in this Act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any electric plant for compensation within this State, except where electricity is generated on or distributed by the producer through private property alone solely for his own use or the use of his tenants and not for sale to others."

Section 50 requires, in substance, that an electrical corporation, along with other types of utilities, must obtain a certificate of public convenience and necessity in order to conduct operations.

In the light of these statutory provisions we conclude that the Mutual Housing Association of Compton is not an electrical corporation within the meaning of the statute, and,

accordingly, does not require a certificate of public convenience and necessity from this Commission. In reaching this conclusion we have in mind the facts heretofore recited as to the organization and operations of the association, the purposes of its formation, its nonprofit nature, the restrictions as to membership, the restrictions placed upon it by the federal government, and the reports it must file, including the monthly advance payments on taxes and insurance, the fact that the property has not been subdivided into individual lots, the standards of occupancy, and all of the other peculiarities of this association. In the light of all of these facts we find that this association is not operating as a public utility. As previously indicated, this finding does not apply to the service of electricity to the school.

We do not intend this finding in any way to be a contradiction of our holding in the matter of the Plumas-Sierra Rural Electric Cooperative, Incorporated, (Decision No. 45111, dated December 12, 1950, 50 Cal. P.U.C. 301; writ of review denied by the California Supreme Court on July 19, 1951, Plumas-Sierra Rural Electric Cooperative v. California Public Utilities Commission, Number SF 18334 and 18353). The situation here is entirely different. In the Plumas case we said on pages 309-310; "There are no facts of record which would indicate that the relationship between respondent and its members or patrons differs in any material sense from those prevailing between an avowed electric utility and its customers." In the instant matter the differences are great and numerous. With the exception of the school, which we will treat hereinafter, before anyone can

receive electric service from the Mutual Housing Association's facilities he must become a member of the association and a resident of the project, which involves, among other things, the purchase of a home therein. The association is not engaged in selling electricity to the public; it does not serve anyone other than its own members nor does it serve outside of its own property.

Issue Three: Is the association now conducting operations as an intermediary between the Edison Company and the ultimate consumers in contravention of the so-called "resale" and "single premise" rules of the Edison Company?

The "resale" and "single premises" rules in question are found in Rule and Regulation 24 of the Edison Company. These rules which were promulgated by this Commission in Decision No. 24229, dated November 16, 1931, in Case No. 3049, 36 C.R.C. 810, 813, follow:

"RULE AND REGULATION NO. 24--SUPPLY TO INDIVIDUAL PREMISES AND RESALE OF ELECTRIC ENERGY

"Supply to Individual Premises.

"A separate meter installation is required for service to each premise irrespective of the identity of ownership or operation of several such premises; provided, however, that service may be rendered through one meter installation to two or more oil field premises operated as a single enterprise.

"Resale of Electric Energy.

"No consumer shall resell any of the energy received by him from the company to any other person, firm or corporation on the consumer's premises or for use on any other premises, except that the owner or lessee of an apartment house, court group, or similar multiple dwelling may resell to the tenants therein, provided that such energy is resold at rates identical with the rates of the company that would apply in the event that energy were supplied to the subconsumer

directly by the company. In the event that such energy is resold otherwise than as provided in this paragraph, the company shall have the right at its option, either to discontinue service to the consumer, or, to furnish electric energy directly to the subconsumer. This rule is not intended to apply to public utilities or municipalities purchasing energy under wholesale power schedules for resale purposes."

Decision No. 24229 also contains wording defining "premises" as follows:

"The term 'premises', as used herein, means all real property and apparatus employed in a single enterprise on an integral parcel of land undivided (excepting in the case of industrial, agricultural, oil field and resort enterprises and public or quasipublic institutions) by public highways or railways."

A review of Decision No. 24229 discloses that these rules were formulated as a result of an investigation "respecting the consolidation or nonconsolidation of separate meter readings for billing purposes ..." In this instance the Edison Company is delivering electric energy at primary voltage through a master meter. However, the evidence discloses that the Edison Company is not providing service to each of the four premises through its own facilities. Furthermore, according to the definition of premises, an exception is permitted for public institutions. Therefore, during the period of the contract with the United States Government there was no deviation from the single premise rule.

Subsequent to the termination of this contract the Edison Company has provided service to the association under protest during the pending of the instant complaint filed August 30, 1948, and a prior informal complaint filed before May 1, 1948. Accordingly, we find that during the pendency of these complaints there has been no impropriety on the part of either party as to the application of the rules and regulations.

As to the future application of the resale rule, we find that, in the light of the peculiar facts previously recited concerning the organization and operation of this association, it should be permitted to deliver electricity to its members as an incident to its operations, without any restriction as to charges for said deliveries.

The foregoing conclusions and findings apply to all of the Victory Park Housing Project, except the school. Since this school, as previously has been noted herein, is neither under the ownership nor the control of the association, and as a matter of fact is attended not only by children from Victory Park but also by children from another area, it cannot be considered as part of the project. The fact that the school rents some apartments from the association for additional classrooms does not alter this conclusion.

Therefore, we find that the school shall be served directly by the Edison Company and not through the facilities of the association.

No major problem is involved, and we expect both parties to cooperate in determining the least inconvenient method for the installation of the required facilities by Edison Company in order to serve the school.

Issue Four: Should the project be served through a master meter or through individual meters?

The Edison Company, in its answer to the original complaint, alleges that the residents of the project "should be served by separate meters for each such dwelling ..." This proposal likewise was advanced by witnesses who testified at the hearings.

The advantages of single meters may be summarized from this record as follows:

- (1) The company would be able to provide direct service to each consumer without an intermediary. It would have control of all of the distribution facilities.
- (2) The company could provide uniform service to all consumers of the same class.
- (3) The company would have individual contact with each consumer because of individual meter readings, billings, correspondence, and advertising.
- (4) Waste would be eliminated. The testimony points out that the present usage in Victory Park is higher than the usage for similar residences in Compton^{13/}. Individual meters allegedly would make the consumers "use conscious" and "bill conscious".

The advantages of service through a master meter may be summarized from this record as follows:

- (1) The company would enjoy savings in distribution plant investment, operating expenses, taxes, and depreciation^{14/}. No distribution facilities of the company would be required beyond the master meter. It would not be necessary for the company to read individual meters or to contact individual customers. Neither would it be necessary for the company to bear the cost of maintaining and repairing the facilities beyond the master meter.
- (2) The savings to the company should result in lower rates to the consumers.
- (3) The liability of the company would end at the master meter point of delivery.
- (4) The ability of the association to pay is better than that of 500 individual consumers.

A careful analysis of all of the evidence presented in this respect and a consideration of the circumstances herein involved disclose no compelling reason why the present distribution facilities should be purchased or replaced by the Edison Company and service rendered through individual meters. As has been noted

^{13/} Exhibits Nos. 31 and 32.

^{14/} Exhibit No. 25.

previously herein, the operation of the service has been satisfactory, both from the standpoint of the association and its members, and from the standpoint of the company.

There is no reason to believe the company cannot make a reasonable return on the sale of electricity through a master meter on an appropriate rate schedule, reflecting Edison delivery at nominal 4,000 volts.

While it is true that the company would not have individual contacts with each user, under a master meter plan, and while it also appears that the users do consume more electricity than those under individual meters, these are merely circumstances of master meter service which are not unique to this project alone. There is considerable evidence in this record showing that the company presently is serving other master meter installations, such as apartment houses. One of the largest of these is an "own-your-own" apartment house in the City of Long Beach, having 168 apartments^{15/}.

Witnesses testified as to the principal differences between the apartment houses served through master meters and the Victory Park Project: (1) in the apartment houses the distribution systems are enclosed in the buildings and do not occupy public streets, (2) the service to the apartment house master meter is at 120 - 240 volts, whereas the service to the Victory Park master meter is at 4,000 volts, and (3) none of the apartment buildings has as many single family units as the Victory Park project.

The first difference raises the important question as to

^{15/} Exhibit No. 52 shows the number and sizes of such apartment houses.

responsibility for the operation of the distribution system.

We conclude from this record that the association has assumed such responsibility. It owns the distribution system, polices it, and maintains it. The fact that the system occupies public streets perhaps increases the responsibility to some extent, but this record raises no question as to the association's lack of ability to meet such responsibility.

As to the question of voltage, the testimony indicates that the distances in Victory Park are too great to permit the delivery of energy at the master meter at low voltages. Accordingly, electric energy is delivered through a master meter at 4,000 volts, from which point the association serves each member user at secondary voltage through its own distribution facilities. As has previously been pointed out, this process has been carried on safely and satisfactorily. Since there is no question as to safety, or as to the ability of the association to perform this function, these conditions are not compelling reasons for abolishing the present master meter service. Furthermore, since the project is being served satisfactorily through present installations, its size is not important to the determination of master meter service.

Therefore, in the light of this record we conclude that this project should be served through a master meter. Having made this finding, we need not explore the question as to whether or not this Commission has authority to condemn the present master meter installation or to order individual meter installations substituted therefor.

Issue Five: What is the just and reasonable rate for service to this project under the conditions already discussed?

We are now confronted with the problem of establishing a proper rate for service to the Mutual Housing Association of Compton in response to:

(1) Complaint filed by the Mutual Housing Association of Compton (Case No. 4968) asking the Commission to issue its order:

(a) Requiring the defendant to extend to the complainant a schedule of rates and charges with respect to Victory Park Housing Project comparable to the schedule of rates and charges extended to the said Project prior to the date of acquisition thereof from the United States of America, or

(b) To extend such other schedule of rates for service as are found by the Commission to be just and reasonable.

(c) That such schedule of rates for service be made effective from and after May 1, 1948.

(d) Requiring the defendant to reimburse complainant for payments of service in the amount such payments exceed the schedule of rates for service determined by the Commission, together with interest on such amount at 7% per annum.

(2) Petition filed by complainant in this proceeding (Case No. 4968) namely, "Petition Requesting Commission to Fix and Determine Applicable and Reasonable Rates."

(3) Order instituting investigation on the Commission's own motion (Case No. 5012) for the purpose of inquiring into and determining the reasonableness and propriety of the

application of any of said utility's existing tariff schedules to such service, or establishing therefor such rates, rules, and regulations and conditions of service as may be found to be just and reasonable.

The uses of electric service in this project include that for street lighting, the administration building and auditorium, domestic service to residences, and service to the school. As we have already herein found that the school should be served through distribution facilities of the Edison Company at presently filed tariffs, our concern now is the determination of an appropriate tariff for the balance of the electric service within the Victory Park Housing Project.

Witnesses for the complainant, the company, and Commission staff testified at great length as to the possible applicability of certain of the presently filed Edison tariffs, namely, the "D" schedules relating to domestic service and the "L" schedules relating to general lighting service. In addition, the Commission staff witness testified regarding schedule "PC-1," combined power and lighting service, and the development of a special master meter rate for this project, the supporting details being set forth in Commission staff Exhibit No. 51.

Generally, it was the opinion of all of the expert witnesses that there is no filed rate of the company which would apply specifically under the existing conditions of service to this project. The view of the experts testifying for the association indicates the "L-3" rate is the one most nearly applicable, while in the opinion of the company witnesses and Commission staff witness the "L-3" is not the proper tariff schedule for service to such a project.

For many years in the development of utility electric rates this Commission has given recognition, among other things, to:

(a) The characteristics of usage by various classes of customers.

(b) Load factor.

(c) Power factor.

(d) Delivery voltage and multiplicity of phases of the alternating current energy.

(e) Relative contribution to system peak demands.

(f) Cost of service, including proper allocation of class demand responsibility, commodity, and customer components.

(g) The value of service, recognizing both elements of competition and discrimination.

(h) The form of the rate with respect to blocking, zoning, and simplicity of its structure.

(i) Applicable rules and regulations, which form an integral part of the tariff.

With these various factors which must properly be weighed in the designing of rates, the applicability of any existing schedule for the instant case must be determined.

The Edison rate tariffs on file with this Commission cover domestic service, aviation, business, street, and general lighting service, and various classes of power service. These tariffs are applicable to the class of service that qualifies under the components already referred to, which are incorporated in the design of the rate together with the associated rules and regulations. It is apparent, therefore, that where a service is wholly or predominantly power, the power schedules are applicable.

This premise applies likewise where domestic, or any other class of service, is involved. The Edison domestic service tariffs ("D" Schedules) are applicable to house lighting, refrigerators, small appliances, cooking, and water heating at secondary voltage delivery. The general lighting schedules ("L" Schedules) are applicable to commercial services, including office and business building lighting and small single phase power. In the instant case of the Victory Park Housing Project, to conclude that the "L-3" Schedule of Edison Company is the proper tariff would ignore entirely the fundamental considerations of rate making already referred to as well as the factual evidence that, (a) three phase power is delivered at primary voltage, (b) there are four distinct premises being served, and (c) 96% of the consumption is for domestic service, namely, residential lighting, refrigeration, and small household appliance loads.

Relative to the blocking under the "L-3" rate, the evidence indicates, that when applied to the deliveries to this project, approximately 90% of the monthly consumption falls in the terminal block. The terminal block of a rate schedule which is applicable to a particular class of load must properly reflect its class demand responsibility and commodity component. In the present instance, applying the "L-3" Schedule to the combined consumption applicable to 500 housing units results in improper reflection of this domestic class demand responsibility in the terminal block.

In the development of the "L-3" rate no such class load with the above described particular characteristics was contemplated. Furthermore, the proper selection of a rate can be determined only in connection with the rules and regulations, which are as much a part and portion of the tariff as the rate

itself. Accordingly, compliance with the rules and regulations is mandatory to the same extent that a utility may not disregard the exact application of the rate. As we already have held that the Association is not entitled to the benefits of the Government Contract with Edison Company, it also applies with respect to any deviations that were invoked during the period the Government contract was in effect.

Therefore, after a careful consideration of all the evidence relating to the possible applicability of existing tariffs of the company to this project and in light of this record, we find that none of the presently filed Edison tariffs is applicable to rendering electric service to the Mutual Housing Association of Compton.

As already stated, Exhibit 51 shows the development of a Master Meter rate for service to this project with supporting detail. In addition there was considerable testimony as to the physical distribution facilities owned by the Association and the annual carrying and operating costs avoided by Southern California Edison Company by reason of master meter delivery. After full consideration of all the evidence, it is our opinion there is sufficient data and testimony in this record upon which to develop an applicable and reasonable rate, together with rules and regulations, for all service within the boundaries of the Victory Park Housing Project with the exception of the school, under which Edison Company may supply this service employing master motoring at 4,000 volts.

We will prescribe such rate, which we hereby find to be just and reasonable and appropriate for the furnishing of the

electric service herein concerned, which rate is set forth in Exhibit A attached hereto.

Issue Six: The determination of reparations, if any, that should be awarded.

Based upon the record in this proceeding, we hereby find that the rates charged by Southern California Edison Company for electric service rendered to Mutual Housing Association of Compton since May 1, 1948, exclusive of service to the school are unreasonable rates and the rate set forth in Exhibit A is the proper and reasonable rate to be charged Mutual Housing Association of Compton for all service exclusive of service to the school. We also find Mutual Housing Association of Compton is entitled to reparation from Southern California Edison Company in the amount by which the charges collected by Edison Company for electric service to the Association exclusive of electric service supplied for the school since May 1, 1948, exceed the charges under the rate set forth in Exhibit A attached hereto for electric service to the Association exclusive of service supplied for the school, together with interest at 6% on such amount.

O R D E R

A complaint and answer having been filed herein and the Commission having issued an Order Instituting Investigation, both matters having been consolidated for hearing, public hearings having been held thereon, the Commission being fully advised in the premises and hereby finding it to be in the public interest,

IT IS HEREBY ORDERED THAT:

1. Except as hereinafter provided, the Southern California Edison Company shall furnish electric energy to the Victory Park Housing Project of the Mutual Housing Association of Compton through the existing master metered facilities presently installed at the project at the rate provided for in Exhibit A attached hereto for all service except to the school building operated by the Compton Elementary School District.

2. Electric service to the school building located in the project, presently operated by the Compton Elementary School District, shall be provided directly to the school through the facilities of the Southern California Edison Company, and not through the facilities of the Mutual Housing Association, or any other intermediary. Such service is to be furnished at the rates provided therefor in the schedules of the Southern California Edison Company.

IT IS HEREBY FURTHER ORDERED that:

1. The difference between the amounts of monies received by the Southern California Edison Company from the Mutual Housing Association of Compton as payments for electric energy delivered to same, exclusive of service supplied for the school building, since May 1, 1948, to the date the rate herein authorized is in effect, and the amounts of monies that would have been received under the rate set forth in Exhibit A, together with interest at 6% per annum, will constitute the amount of reparations in this case.
2. The Southern California Edison Company, within thirty (30) days after the effective date of this decision, shall pay to Mutual Housing Association of Compton, reparations in the amount as computed by the requirements of this decision.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this
4th day of September 1951.

R. J. [Signature]
President.
Justus F. [Signature]
[Signature]
Peter E. [Signature]
Commissioners.

EXHIBIT A

Schedule No. DH-1

DOMESTIC SERVICE - HOUSING PROJECT

APPLICABILITY

Applicable to alternating current electric service for general domestic and household purposes in a housing project through a master meter, including incidental nondomestic service.

TERRITORY

In the City of Compton within the boundary of the Victory Park Housing Project.

RATES

		Per Meter Per Month
First	8,000 kwhr, or less	\$350.00
Next	17,000 kwhr, per kwhr	3.5¢
Next	25,000 kwhr, per kwhr	2.4¢
Next	50,000 kwhr, per kwhr	2.0¢
All over	100,000 kwhr, per kwhr	1.5¢

Minimum Charge:

The minimum charge in any month shall be \$350.00.

SPECIAL CONDITIONS

1. Voltage: This schedule of rates will apply to three-phase service rendered at nominal primary voltage of 4,000 volts where customer owns, maintains, and operates the distribution system for serving loads at standard secondary voltages.

2. Incidental Nondomestic Service, for the purpose of this schedule, is service essential to the operation of the housing project including such uses as office, auditorium, yard and street lighting and appliances. It does not include service to dwellings or in buildings used primarily for trade or for any uses not essential to the operation of the housing project.

3. Applicable Rules and Regulations: This schedule is subject to the rules and regulations on file with the Public Utilities Commission except for such rules as may be in conflict with the method of serving the project prescribed by the applicability clause and special conditions herein.