

ORIGINAL

Decision No. 47853

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
COAST COUNTIES GAS AND ELECTRIC COMPANY, )  
a corporation, for authority to increase ) Application No. 33014  
rates applicable to electric service ) (As Supplemented)  
furnished within the State of California.)

(Appearances and list of witnesses  
are set forth in Attachment 1)

FINAL OPINION

Coast Counties Gas and Electric Company, operating gas and electric systems in various places in central and northern California and with principal executive offices in San Francisco, filed the above-entitled application on December 26, 1951 for authority to increase electric rates by \$622,000 annually, or by 14.34%. Such request was finally amended to \$842,000 or 18.64% as hereinafter more fully explained. During the course of the initial set of public hearings on this application the representative for the protestants made a motion that a portion of this application, involving \$336,500 of the proposed increase, be forthwith denied as totally unwarranted in the light of past performances or foreseeable future operations. He further moved that the portion of the increase, \$286,000, which was contingent upon a possible increase in cost of power purchased from the Pacific Gas and Electric Company be denied on the basis that the request was untimely.

Interim Order

On June 5, 1952 the Commission issued Decision No. 47223 under the above application number denying the protestants' first motion. The second motion appeared timely and was granted without

prejudice to the right of applicant to file an appropriate supplemental application and present supplementary evidence regarding increased costs of resale power if and when the cost of such power should be increased.

Public Hearings

A total of eight days of public hearings were held on this application at Santa Cruz before Commissioner Peter E. Mitchell and Examiner M. W. Edwards during the period April 16, 1952 to October 10, 1952. At the hearing on October 10, 1952 applicant <sup>ment</sup> after presenting additional evidence moved that the application herein be amended to request total additional gross annual revenues in the amount of \$485,000, exclusive of any increase in the cost of electric energy to applicant. No objection to such amendment was made at the hearing; consequently, applicant's motion was granted. <sup>rewritten</sup> The matter thereupon was submitted subject to the late filing by applicant of an exhibit and supplemental application setting forth its request for additional gross revenues that would be required by any increase in the cost of electric energy to applicant, under the filed schedules of Pacific Gas and Electric Company with provision for objection within 10 days by any protestants or interested parties. Said exhibit and supplemental application were duly filed and no objections thereto were received in the 10-day period.]

Supplementary Application

The Commission on October 15, 1952 issued Decision No. 47832 under Application No. 32589 increasing the rates of Pacific Gas and Electric Company, effective November 10, 1952, by such amounts as will cause applicant's power bill to increase by approximately 20%. On October 20, 1952 the applicant filed its first supplemental application under Application No. 33014 requesting additional gross annual revenues in the amount of \$357,000 to cover the increase in power costs for the year 1953 estimated to result from the Pacific Gas and Electric Company decision.

*Amended*  
( The late-filed exhibit covering the increased cost of electric energy was numbered Exhibit No: 38 and likewise was filed on October 20, 1952: It showed that the increased cost based upon power purchases for the 12-month period ended June, 1952, would have been \$322,313.79, or 20.575%. With the filing of this last exhibit the record comprises 38 exhibits and in excess of 950 pages of transcript: )

Recent Growth of Electric Department

Since 1941 the electric plant in service has approximately doubled from a figure of slightly over \$6,000,000 to a figure in excess of \$12,000,000. During this same period the electric customers have increased from approximately 26,000 to 44,000, the system peak demand from approximately 21,000 kw to 51,000 kw, and the annual sales to customers from approximately 70,000,000 to 215,000,000 kwhr. As of June, 1952, 43,755 electric customers were being served. Electric operations are limited to portions of Santa Cruz, Santa Clara, San Benito, and Monterey Counties. The territory is primarily agricultural in character. As of December 31, 1951 the electric transmission system consisted of approximately 14 miles of 110-kv line, 93 miles of 60-kv line and 159 miles of 24-kv line, and the distribution system included 1,620 miles of pole line: As of that date the company operated 37 substations with an aggregate capacity of 160,200 kva.

Applicant's Position

On the basis of the amended request, the late-filed Exhibit No: 38 and the supplemental application, a total increase in annual revenues of \$842,000, or 18.64%, is being sought for the year 1953. Applicant alleges that said proposed rate increases are necessary to meet increased wage and labor expenses, increased costs of materials and supplies, and increased taxes, and to realize a

sufficient return upon its investment devoted to the public service to maintain its credit and to insure its continued ability to obtain funds from investors sufficient to enable it to meet the service requirements of its customers.

Applicant points out that this is the first such application filed by the Coast Counties Gas and Electric Company for its electric department with this Commission in approximately 33 years. Its electric rates heretofore have been reduced from time to time, resulting in a substantial reduction in the cost of electricity to customers, the latest such decrease being in 1944 in the amount of \$150,000. The present electric rates in the territory are below prewar level.

Authority is requested to increase rates applicable to electric service in its service area to the extent and in the manner set forth in Exhibit A of the first supplemental application and for such other and further relief as the Commission may deem proper.

Nature of Evidence

Evidence was offered by applicant, by members of the Commission's staff, and by representatives of the protestants and interested parties. Such representatives were present at each of the public hearings and protests or statements were placed in the record prior to submission of the matter. A representative for a group of prospective customers in Harmony Hills sought an extension of service on the basis of the shortest distance across private property in lieu of a longer extension down San Juan Canyon Road. Further study and report on this problem will be required of applicant. In reaching the final conclusion in this order all protests and statements have been fully considered.

Applicant's Exhibit No. 2 shows that its electric department's rate of return on an undepreciated rate base and with depreciation expense on the sinking fund basis was 6.01% in 1950 and 5.42% in 1951. After adjusting the year 1951 to current levels of wages, price of purchased power and taxes, the return would be 4.54% on an undepreciated rate base. Applicant also made estimates of earnings on a depreciated rate base utilizing straight-line remaining life depreciation expense. Its Exhibit No. 37 shows that for the year 1952, with eight months of recorded revenues and expenses and four months estimated, the rate of return would be 4.80%, and for the estimated year 1953, 4.61%, on depreciated rate bases, assuming present levels of rates and before an increase in the cost of purchased power.

The Commission staff's study, Exhibit No. 32, shows the unadjusted electric department's rate of return for the year 1950 to be 7.51% and for the year 1951 to be 7.11% on a depreciated rate base with depreciation expense on a 4% sinking fund remaining life basis. The staff also introduced an analysis of the company's earnings, Exhibit No. 33, containing a pro forma summary of earnings after adjusting to current levels of wages, price of purchased power, taxes, and for average temperature and precipitation conditions. The exhibit utilized depreciated rate bases and straight-line remaining life depreciation. The resulting rates of return are as follows:

<u>Year</u>	<u>Rate of Return</u>
Year 1950	5.67%
12 months ended June 30, 1951	5.67
Year 1951	5.50
12 months ended June 30, 1952	5.21

The staff's study in general showed a higher rate of return than shown by the company's study.

Earnings Results

In order to expedite the completion of this proceeding the applicant was willing to submit the matter for decision on the basis of the earnings study prepared by the staff for the pro forma period ending June 30, 1952. The applicant objected to the method used by the staff to determine working cash and to its methods of computing cost of money but was willing to waive such differences, leaving only the question of rate of return for final determination.

A summary of the staff's pro forma analysis of earnings for the 12 months ended June 30, 1952, together with the adjustments to cover the increased costs of power, is set forth in the tabulation following:

Electric Department Earning Summary

Item	12 Months Ended June 30, 1952			
	Recorded :Exh.No.32:	Pro Forma :Exh.No.33:	Adjustment :For Pwr.Cost:	Adjusted :Pro Forma:
<u>OPERATING REVENUES</u>				
Energy Sales	\$ 4,156,626	\$ 4,166,900	-	\$ 4,166,900
Other Electric Revenue	17,693	17,700	-	17,700
Total Revenues	4,174,319	4,184,600	-	4,184,600
<u>OPERATING EXPENSES</u>				
Production	1,563,404	1,568,100	322,313	1,890,413
Transmission	98,680	96,480	-	96,480
Distribution	390,011	382,251	-	382,251
Customer Accounting	148,850	148,850	-	148,850
Sales Promotion	46,606	46,606	-	46,606
Administrative & General	376,449	368,700	-	368,700
Adjust to 4-1-52 Wage Level	-	24,600	-	24,600
Total	2,624,000	2,635,587	322,313	2,957,900
Taxes	629,153	651,000	(173,791)	477,209
Depreciation	344,741	389,800	-	389,800
Total Expenses	3,597,894	3,676,387	148,522	3,824,909
NET REVENUE	576,425	508,213	(148,522)	359,691
RATE BASE (Depreciated)	9,714,000	9,742,000	-	9,742,000
RATE OF RETURN	5.93%	5.21%	(1.52%)	3.69%

(Red Figure)

The preceding figures, on a pro forma basis, differ from the recorded figures only to the extent adjusted by the staff and by adjustment for the increased power costs as shown. The use of pro forma figures minimizes errors inherent in estimating operating results for a future year or years for rate-making purposes. The representatives for the protestants and interested parties questioned the extent of adjustments made by the staff when considering the unusually cold and abnormal precipitation conditions during the period. These parties questioned the level of the staff's pro forma adjustments but did not offer any studies or analyses to show that the staff's adjustments were on the low side. The Commission is of the opinion that the staff's adjustments were reasonable and that when the adjustment for increased power costs is made an appropriate basis is available for determining the earnings position of applicant.

#### Depreciation

Applicant's first study was predicated on the use of sinking fund depreciation and an undepreciated rate base. The desirability of using a depreciated rate base in the electric department was discussed. Later applicant submitted Exhibit No. 28 for the purpose of showing depreciation allowance on a straight-line remaining life method. The staff's study also was prepared on the basis of using the straight-line remaining life method of computing depreciation but at a lesser accrual rate than the company proposed. The staff pointed out that, as compared with the sinking fund methods, the portion of the wearing value of the plant recovered during the earlier years of life is greater, so that fewer depreciation charges are put off to the indefinite future. A change to the straight-line method will be made by this order effective January 1, 1953 for the electric department and common properties of this company.

The remaining life method tends to adjust for over-accruals and under-accruals to the reserve, spreading such corrective factor over the remaining life of the property. The applicant is required to review the basic estimates of lives and salvage periodically and present annually for Commission review its recommendations for any changes in estimates based on the future outlook. The use of a depreciated base adjusts for errors or delays in retirements. The depreciated rate base will be used in this decision.

Rate Base

The rate base is composed of capital investment in plant plus working capital items consisting of materials and supplies and working cash, less such items as customers' advances for construction, contributions in aid of construction, and a deduction for depreciation. The weighted average rate base used by the staff is shown below.

Weighted Average Depreciated Rate Base  
Electric Department for Year Ending June 30, 1952

Weighted Average Fixed Capital	\$12,944,462
Working Capital	
Material and Supplies	301,590
Working Cash	300,000
Total Capital	<u>13,546,052</u>

Deductions:

Contributions in Aid of Construction	48,968
Customers' Advances for Construction	122,217
For Depreciation	<u>3,632,904</u>
Total Deductions	<u>3,804,089</u>

Weighted Average Depreciated Rate Base 9,741,963

For the pro forma year ended June 30, 1952 we adopt a depreciated rate base of \$9,742,000 and find that applicant's present rates, after allowing for increased power costs, will result in a net revenue of \$359,691. If same had been effective for the full 12-month period there would have resulted a rate of return of 3.69%.



Trend of Rate of Return

The staff's study, Exhibit No. 33, indicates that there is a down trend in the rate of return between the year 1950 and the year 1951 of 0.17%. Likewise, for the two 12-month periods ended June 30, 1951 and June 30, 1952, a down trend of 0.46% is shown. In order for the utility to realize the rate of return which the Commission finds fair and reasonable for a period of 12 months in the future, an allowance for this declining trend in rate of return should be made. An appropriate allowance of 1/2% for such decline is included in the rate of return herein.

Rate of Return

In making this application for an increase in rates, applicant seeks rates which will result in a rate of return of 6.7% on a depreciated rate base. Applicant requests the Commission to give consideration to the effect of inflation in causing an erosion of the rate of return by reason of the addition of high cost plant.

In arriving at a rate of return of 6.7% applicant assumed a cost of equity capital of about 12%. A staff witness introduced Exhibit No. 34 which showed that in 1951 a majority of electric utilities in the United States having annual revenues of less than \$25,000,000, with equity positions of 29% to 39%, fell in the 9% to 12% bracket of equity earnings.

Applicant contended that the earnings on common stock should be around \$3.68 per share. The representative for the protestants introduced Exhibit No. 29 and by allocation procedure determined that in 1951 the electric department accounted for earnings of \$3.56 per share for its proportion of the common shares; the gas and water departments, \$1.42 per share; and the over-all earnings were \$2.32 per share. For 1952 he estimated that such allocated earnings for the electric department shares would fall to \$2.74 per share.

It is not the Commission's practice to determine the need for additional earnings on the basis of common stock dividends or earnings. Instead, a depreciated rate base is used predicated on the original cost of the property devoted to the public service, less depreciation reserve. The over-all cost of money, including bonds, preferred and common stock money costs, is but one of the elements which are used in considering the rate of return to be allowed on the rate base. In addition there are many other factors not susceptible to statistical comparison which are considered, such as: territory, growth factor, comparative rate levels, diversification of revenues, public relations, management, financial policies, reasonable construction requirements, prevailing interest rates, preferred stock situation, and other economic conditions, the trend of rate of return, past financing success and future outlook for the utility.

#### Rate of Return on Combined Operations

In Decision No. 47832 the Commission announced the policy of requiring utilities with more than one department to present the earnings status for all departments combined. While this decision was rendered following the close of the hearings in this case, nevertheless we find that the applicant had anticipated such need and had provided by Exhibit No. 27 its over-all earnings. For the year 1952, exclusive of the proposed rate increase and increase in purchased power rates, applicant estimated a combined rate of return of 4.84% on a rate base of \$28,325,437 assuming a straight-line depreciation basis.

#### Conclusion on Rate of Return for the Electric Department

Upon a careful consideration of the evidence of record and statements by the various counsel and representatives, we find that a net revenue equivalent to 6.25% on a depreciated rate base of

\$9,742,000 based on the level of business for the 12 months ended June 30, 1952 is sufficient to allow applicant a rate of return for the future of at least 5.75% on a depreciated rate base, which rate of return we hereby find to be fair and reasonable.

When a rate of return of 6.25% is applied to the depreciated rate base of \$9,742,000, a final over-all increase of \$546,000 is indicated in contrast to the increase of \$842,000 requested by applicant.

Cost of Service Study

By Exhibit No. 25 applicant prepared a functional cost analysis on the basis of the sales, customers, revenues and expenses of operation for the year 1951 including a 6% return on the plant capital. The result of the cost study segregated by classes is set forth below.

Class	Estimated: 1951 Cost: to Serve per Kw hr with 6% Return	1951 Revenue: per Kw hr Adjusted to a 6% Return	Ratio of Revenue to Indicated Cost
Residential	2.667¢	2.497¢	93.5%
Commercial Lighting	1.927	2.613	136.0
Commercial Heating and Cooking	1.872	1.633	87.0
General Power	1.456	1.512	104.0
Industrial Power			
At Transmission Voltage	.872	.878	100.5
At Distribution Voltage	.886	.912	103.0
Agricultural Power	2.490	1.972	79.1
Street Lighting	4.384	3.938	89.6

In addition to the cost study, the applicant supplied data as to the density of customers (number of customers per mile of pole line) and the location and number of customers in certain built-up areas. The results of the study of customers' density are set forth below.

Density of Customers per Mile of Pole Line  
as of December 31, 1951

City or Area	: Customers :	: Distribution: Pole Line Miles :	: Density: Customers per Mile :
City of Santa Cruz	9,452	119.11	79.4
City of Watsonville	4,399	37.93	116.0
City of Capitola	980	10.00	98.0
City of Gilroy	1,776	29.24	60.8
City of Hollister	1,810	24.58	73.7
City of Morgan Hill	646	12.48	51.8
City of San Juan Bautista	316	6.16	51.3
East Santa Cruz	3,556	50.00	71.1
Freedom	1,186	14.00	84.7
Pajaro	449	5.50	81.6
Paradise Park	349	3.50	99.7
Boulder Creek	364	5.00	72.8
Felton	508	7.00	72.6
Unincorporated	17,811	1,295.10	13.8
Total	43,602	1,619.60	26.9

Size, density, and location are important factors in the cost of distribution of electricity. The customer component of distribution cost tends to vary inversely with density. On the basis of this analysis, it is the Commission's opinion that the cost to serve varies over the service area of the company and varies as between classes of service.

#### Rate Zones

Applicant is proposing to maintain the number of rate zones at two on its general service and domestic schedules. After studying the problem, it is the Commission's opinion that the domestic and general service rates should be zoned into four levels. In Zone 1 will be placed the cities of Santa Cruz and Watsonville. In Zone 2, the cities of Gilroy, Hollister, Capitola and Morgan Hill. In addition, in Zone 2 will be placed the built-up unincorporated areas of East Santa Cruz, Freedom, Paradise Park and Pajaro. The City of San Juan Bautista and the built-up unincorporated areas of Boulder Creek and Felton will be placed in Zone 3. All other general service and domestic customers will be placed in Zone 4. The zone limits of city areas will be established as the corporate limits as they existed on the effective date of the new rates.

Domestic Schedules

The following table compares the present, proposed and authorized domestic service rates for the four rate zones.

	<u>Zones</u>			
	1	2	3	4
<u>A. Present Rates</u>				
Service charge per month	50.0¢	70.0¢	-	-
First 35 kwhr per kwhr	3.4	3.7	-	-
Next 65 kwhr per kwhr	2.6	2.7	-	-
Next 100 kwhr per kwhr	1.7	1.7	-	-
Next 300 kwhr per kwhr	1.1	1.1	-	-
Over 500 kwhr per kwhr				
Summer months	1.1	1.1	-	-
Winter months	.85	.85	-	-
<u>B. Applicant's Proposed Rates</u>				
Service charge per month				
Incorporated territory	62.0¢	-	-	-
Unincorporated territory	72.0	82.0¢	-	-
First 35 kwhr per kwhr	4.01	4.27	-	-
Next 65 kwhr per kwhr	2.93	3.24	-	-
Next 100 kwhr per kwhr	1.91	2.01	-	-
Next 300 kwhr per kwhr	1.44	1.44	-	-
Over 500 kwhr per kwhr				
Summer months	1.44	1.44	-	-
Winter months	1.16	1.16	-	-
<u>C. Authorized Rates</u>				
Service charge per month	60.0¢	65.0¢	70.0¢	80.0¢
First 40 kwhr per month	3.7	3.8	3.9	4.2
Next 60 kwhr per month	2.7	2.8	2.9	3.2
Next 100 kwhr per month	1.9	1.9	1.9	2.0
Next 300 kwhr per month	1.2	1.2	1.2	1.2
All excess kwhr per month				
May to October, incl.	1.2	1.2	1.2	1.2
November to April, incl.	1.05	1.05	1.05	1.05

Formerly the rural customers were served on Schedule D-2 but now will be transferred to Schedule D-4. The increase to this class of customers is slightly greater than to the urban and suburban type of customers which will be placed on Schedules D-1, D-2 and D-3. In our opinion, the cost study and density statistics fully warrant such treatment.

General Service Schedules

Applicant presently does not have any electric schedules entitled General Service but instead has two Schedules, L-1 and L-2, entitled Commercial Light and Power which, in effect, are general

service schedules. Applicant's proposed Schedules L-1 and L-2 are applicable to heating and cooking as well as lighting and power. Along with a change in title these schedules will be redesignated as "A" schedules and their number increased to four in accordance with the revised zoning scheme. In general, on the basis of the results of the cost study, a lesser increase will be placed in these schedules than requested by applicant.

#### Other Schedule Changes

Changes in street lighting, cooking and heating, resale, agricultural power and other forms of power rates will be made in the manner proposed by applicant and we will be guided by the results of cost analyses and other considerations in determining the extent of the adjustments. In general the adjustments will be kept within the range proposed by the applicant except for a rounding of street lighting rates to the nearest 5 cents and the shifting of charges to the service charge or initial blocks of the agricultural and general power schedules, with correspondingly lower energy rates in the latter blocks. The latter adjustment appears to be appropriate when viewed from the results of the cost-of-service study.

Changes in designation of schedules appear desirable to keep them in line with the latest changes ordered for rates in adjacent territory. The resale schedule will be changed from "P-6" to "R", the agricultural power schedule from "P-3" to "PA-1", the standby auxiliary schedule from "P-7" to "S", the optional agricultural schedule from "P-13" to "PA-2", and the heating and cooking schedule from "C-1" to "H".

The cost study indicates that the commercial cooking and heating schedule is about 13% below indicated cost. In our opinion, the cooking and heating rate is too low and more appropriately such service should be rendered on the general service schedule. The cooking and heating schedule therefore will be closed to new customers.

Special Contracts

Applicant is rendering service to two agricultural customers under special contract rates which are lower than the filed tariff rate for agricultural power service but did not ask to increase these special contracts. In view of the showing in the cost study that agricultural rates are approximately 20% below indicated cost, allowance will be made for assumed rates of increase of 18.3%, the over-all class increase for agricultural power. While we will not order an increase in the special contracts, applicant may effect an increase by renegotiation of such special contracts. This is done in order that this service will not burden other classes of customers, for rate-making purposes. With regard to special contract rates, however, the Commission prefers that all service be rendered at filed tariff rates.

Summary of Rate Changes

The following table shows the increase authorized by the order herein based on the sales for the 12 months ended June 30, 1952:

Item	Sales : Thousand : Kw/hr	Revenue : at Present : Rates	Revenue : Increase	Per : Cent : Incr.	Revenue : per Kw/hr : after : Increase
Domestic Service	76,768.3	\$1,705,800	\$224,900	13.18	¢ .0251
General Service	41,917.0	987,800	87,300	8.84	¢ .0256
Commercial Heating and Cooking	2,676.3	39,390	8,500	21.58	¢ .0179
General Power	35,306.9	480,160	59,600	12.41	¢ .0153
Industrial Power	32,801.4	263,950	39,600	15.00	¢ .0093
Agricultural Power	33,803.6	616,600	113,100	18.34	¢ .0216
Street Lighting	2,047.2	73,200	13,000	17.76	¢ .0421
Subtotal	225,320.7	4,166,900	546,000	13.10	¢ .0209
Miscellaneous	-	17,700	-	-	-
Total	225,320.7	4,184,600	546,000	13.05	¢ .0210

In the above tabulation the effects of the authorized changes in zoning have been reflected in the domestic and general service classes.

Conclusion

After reviewing all of the evidence of record and the statements by protestants and interested parties and giving full weight to the declining trend in rate of return, it is our conclusion that an order should be issued increasing the rates in the over-all amount of \$546,000 of which \$544,100 will be realized from customers on filed rate tariffs and \$1,900 is subject to renegotiation, in the manner outlined herein and to the extent set forth in Exhibit "A" following this order.

The problem of establishing rates and determination of equitable division of charges is one in which no exact formula or rule can be used. Applicant has submitted a cost study which has been an aid in pointing the direction of rate changes. The Commission has exercised its informed judgment in determining the final amount of increase by classes and zones. All motions inconsistent with the findings of this opinion and order are denied.

O R D E R

Coast Counties Gas and Electric Company having applied to this Commission for an order authorizing increases in electric rates and charges, public hearings having been held, the matter having been submitted and being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified, and that present rates in so far as they differ from those herein prescribed for the future are unjust and unreasonable; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized and directed to file in quadruplicate with the Commission after the effective date of this order, in conformity with General Order No. 96, revised schedules with changes in rates, terms and conditions as set forth in Exhibit "A" attached hereto,



and after not less than five (5) days' notice to this Commission and to the public to make said rates effective for service rendered on and after December 20, 1952.



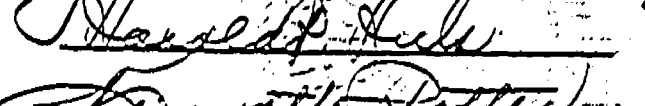
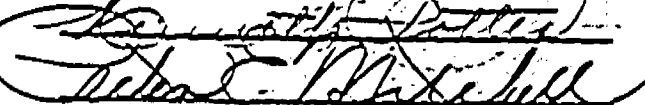
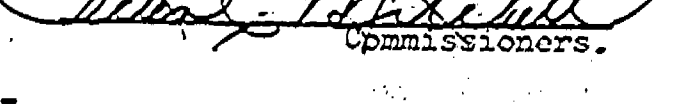
2. At the time of making effective the rates authorized by Section 1 hereof, applicant may withdraw and cancel all present schedules and transfer the customers on such schedules to the appropriate new schedules generally applicable in the areas and for the type of service involved.
3. Applicant is not authorized to increase the rates prescribed by the following contracts but may effect increases through renegotiation of the contracts, either by placing the business on applicable filed tariff rates wherever possible, or by submitting the renegotiated contracts for approval by this Commission in the manner specified by General Order No. 96:

<u>Contract</u>	<u>Dated</u>
Paicines Company	April 1, 1935
J. Ramon Somavia, Jr.	April 1, 1941

4. Applicant shall restudy the problem of extending service to the Harmony Hills area, taking into account all facts placed in the record by the representative from the Harmony Hills area, and present a plan for a line extension in accordance therewith that will also comply with the filed line extension rules. A copy of applicant's plan for this extension shall be submitted to the representative and to the Commission within 120 days after the effective date of this order. Thereafter the applicant shall keep the Commission advised as to the final disposition of the matter.
5. Applicant, in its electric department and for its common properties, shall change from the sinking fund method of determining depreciation charges to the straight-line remaining life method as of January 1, 1953. In all other respects the depreciation agreement as approved by this Commission in Decision No. 45138 will remain in full force and effect.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of November, 1952.

  
 \_\_\_\_\_ President.  
  
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 \_\_\_\_\_  
  
  
 \_\_\_\_\_ Commissioners.

## ATTACHMENT 1

LIST OF APPEARANCES

For Applicant: W. E. Johns, Bert B. Snyder, and Pillsbury, Madison and Sutro by Noel Dyer.

Protestants: Santa Clara County, Cities of Hollister and Morgan Hill and Co-ordinating Committee to oppose the Coast Counties electric rate increase by Bruce McKnight; A. F. Medeiros in propria persona;

Interested Parties: California Farm Bureau Federation, the Santa Cruz, San Benito, Contra Costa and Santa Clara County Farm Bureaus by J. J. Deuel and Edson Abel; Office of Price Stabilization by John B. Harman; San Lorenzo Valley Business and Professional Women's Club by Mrs. Alice Earl Wilder; Santa Clara County Co-ordinating Committee by Mrs. Grace McDonald.

Other Appearances: Walter B. Wessolls, John F. Donovan and Boris H. Lakusta for the Commission's staff.

LIST OF WITNESSES

Evidence was presented on behalf of applicant by: A. R. Bailey (history, organization, expansion, increased costs), R. N. Dreiman (summary of results, working cash, cost of money, fair rate of return, rate base), G. C. Dakan (allocation of common capital and expenses), F. D. Beardsley (electric operating plant), Charles Grunsky (advances, contributions, franchise requirements, ad valorem taxes, depreciation, rate tariffs), E. R. Davidson (material and supplies), R. L. Hayden (customers, sales, revenues, sales promotion expense), G. E. Bishop (cost of purchased power, maintenance expense), Dexter Stoner (customers accounting and collecting expense, administrative and general expense), L. W. Harris (income taxes), A. G. Mott (fair value) Roy A. Wehe (cost analysis by classes of service).

Evidence was presented on behalf of the protestants and interested parties by: A. F. Medeiros, Thomas L. McHugh, C. S. Hutson, Ed J. Drois, Bruce McKnight, Eldred Holdaway.

Evidence was presented on behalf of the Commission's staff by: John J. Doran (introduction, history, present operations, administrative and general expenses, taxes, working cash capital and summary of earnings), J. F. Donovan (balance sheet income statement, clearing accounts, interest rates, earnings on equity capital), L. A. Glom (operating revenues), R. W. Hollis (production, transmission, distribution, customers accounting and collecting and sales promotion expenses, customer distribution, usage and rates), R. T. Perry (fixed capital, rate base), C. Unnevrhr (depreciation reserve and expense).

Item 1: SCHEDULES A-1, -2, -3, and -4

[Title, Applicability, and Conditions to appear on each schedule.]

GENERAL SERVICE

Applicability:

This schedule is applicable to lighting, and, at the customer's option, to heating, cooking and/or power (either single-phase or polyphase), alone or combined with lighting, provided that in the case of polyphase power service all current used by the customer on the same premises is combined as provided in Special Condition (c).

Special Conditions:

(a) The minimum charge shall not be subject to adjustment because of temporary disconnection or removal of motors for a portion of the year.

(b) The maximum demand in any month will be the average kilowatt delivery of the 15-minute interval in which such delivery is greater than in any other 15-minute interval in the month, provided, however, that in case the load is intermittent or subject to violent fluctuations, the Company may use a 5-minute instead of a 15-minute interval. The maximum demand to be used in computing charges under the above schedule will be the mean of the actual maximum so determined for the current month and the highest such demand occurring in the year ending with the current month. In case neon lamps or other low power factor devices are used, the Company may use in lieu of maximum kilowatt demand, 90% of the maximum kilovolt-ampere demand similarly determined. Use of a Thermal type demand meter, which does not reset after definite time interval, is optional with the Company.

(c) Voltage: Service on this schedule will be supplied at the secondary voltage available or, at the option of the customer, at the primary voltage available. Where secondary voltage is desired and polyphase power is to be combined with single-phase, a 4-wire service will be supplied, either 120/240-volt or 120/208-volt, at the option of the Company, provided, however, that where a customer has made application for such a 4-wire service but the Company is not in position to supply the same at that location economically then, temporarily until the Company is ready, a single-phase and a polyphase service will be supplied and metered separately, the meter readings being combined for the purpose of computing charges on this schedule.

(d) In addition to the regular rate herein, seasonal, occasional or intermittent customers shall pay a \$1.50 turn-on charge when service is rendered, such charge to be subject to refund without interest after the customer has received 12 months' continuous service at the location.

(e) When service to X-ray or radio apparatus served hereunder requires the installation of separate or additional transformer capacity, the minimum will be increased 55 cents per kilovolt-ampere of such separate or additional transformer capacity.

SCHEDULE A-1

Territory:

Within the rate areas of Santa Cruz (12) and Watsonville (13), as more fully described under the reference numbers in the Description of Special Rate Areas.

Rate:

Service Charge: per meter per month .....	60.0¢
Energy Charge (to be added to Service Charge):	
First 40 kwhr per meter per month .....	3.7¢ per kwhr
Next 160 kwhr per meter per month .....	2.7 " "
Next 800 kwhr per meter per month .....	2.5 " "
Next 2,000 kwhr per meter per month .....	2.3 " "
Next 3,000 kwhr per meter per month .....	2.1 " "
Next 4,000 kwhr per meter per month .....	1.7 " "
For all excess over 10,000 kwhr per meter per month:	
First 100 kwhr per kw of maximum demand .....	1.4 " "
All excess .....	1.2 " "

Monthly Minimum Charge:

For single-phase service, no minimum other than service charge as above.  
 For polyphase service, 55 cents per month per hp of polyphase motors but not less than \$2.25 per month.

SCHEDULE A-2

Territory:

Within the rate areas of Capitola (2), East Santa Cruz (3), Freedom (5), Gilroy (6), Hollister (7), Morgan Hill (8), Majaro (9), and Paradise Park (10), as more fully described under the reference numbers in the Description of Special Rate Areas.

Rate:

Service Charge: per meter per month .....	65.0¢
Energy Charge (to be added to Service Charge):	
First 40 kwhr per meter per month .....	3.8¢ per kwhr
Next 160 kwhr per meter per month .....	2.8 " "
Next 800 kwhr per meter per month .....	2.6 " "
Next 2,000 kwhr per meter per month .....	2.3 " "
Next 3,000 kwhr per meter per month .....	2.1 " "
Next 4,000 kwhr per meter per month .....	1.7 " "
For all excess over 10,000 kwhr per meter per month:	
First 100 kwhr per kw of maximum demand .....	1.4 " "
All excess .....	1.2 " "

Monthly Minimum Charge:

For single-phase service, no minimum other than service charge as above.  
 For polyphase service 55 cents per month per hp of polyphase motors but not less than \$2.25 per month.

SCHEDULE A-3Territory:

Within the rate areas of Boulder Creek (1), Felton (4) and San Juan Bautista (11), as more fully described in the Description of Special Rate Areas.

Rate:

Service Charge: per meter per month .....	70.0¢
Energy Charge (to be added to Service Charge):	
First 40 kwhr per meter per month .....	3.9¢ per kwhr
Next 160 kwhr per meter per month .....	2.9 " "
Next 800 kwhr per meter per month .....	2.7 " "
Next 2,000 kwhr per meter per month .....	2.4 " "
Next 3,000 kwhr per meter per month .....	2.1 " "
Next 4,000 kwhr per meter per month .....	1.7 " "
For all excess over 10,000 kwhr per meter per month:	
First 100 kwhr per kw of maximum demand .....	1.4 " "
All excess .....	1.2 " "

## Monthly Minimum Charge:

For single-phase service, no minimum other than service charge as above.  
For polyphase service, 55 cents per month per hp of polyphase motors but not less than \$2.25 per month.

SCHEDULE A-4Territory:

The entire territory served outside of the Special Rate Areas as described in the Description of Special Rate Areas.

Rate:

Service Charge: per meter per month .....	80.0¢
Energy Charge (to be added to Service Charge):	
First 40 kwhr per meter per month .....	4.2¢ per kwhr
Next 160 kwhr per meter per month .....	3.2 " "
Next 800 kwhr per meter per month .....	2.7 " "
Next 2,000 kwhr per meter per month .....	2.4 " "
Next 3,000 kwhr per meter per month .....	2.1 " "
Next 4,000 kwhr per meter per month .....	1.7 " "
For all excess over 10,000 kwhr per meter per month:	
First 100 kwhr per kw of maximum demand .....	1.4 " "
All excess .....	1.2 " "

## Monthly Minimum Charge:

For single-phase service, no minimum other than service charge as above.  
For polyphase service 55 cents per month per hp of polyphase motors but not less than \$2.25 per month.

Item 2: SCHEDULES D-1, -2, -3 and -4

(Title, Applicability, and Conditions to appear on each schedule.)

DOMESTIC SERVICEApplicability:

Applicable for domestic uses (single-phase only), including lighting, heating; cooking and domestic power service (including lamp socket appliances).

Special Conditions:

(a) This schedule applies only to single-family dwellings and to separately metered flats or apartments.

(b) Any apartment house or group of apartments may receive service under this schedule through one meter for domestic purposes only; provided that for this purpose the first two energy blocks shall be increased by 40 kwhr and 60 kwhr, respectively, for each apartment in excess of one.

(c) Minor farm use such as brooder and incubator heating; barn or poultry house lighting; small motors for feed chopping, etc.; may be combined with single-family domestic service through one meter on this schedule provided the total use of the domestic farm service meter does not exceed 2,500 kwhr per month in each of any three consecutive months, or a total of 20,000 kwhr in any 12 consecutive months.

(d) When electric light, heat or power for commercial activity is required on same premises with domestic use of electricity, such commercial use shall be separately metered, or if combined with domestic use the entire use will be billed on the commercial lighting schedule; except minor commercial use limited to one room in a residence, may be combined with single-family domestic service through one meter on this schedule; provided, for this purpose, the first and second energy blocks shall be doubled.

(e) When domestic power is combined hereunder no individual motor shall exceed 5 hp.

(f) In addition to the regular rate herein, summer cottage; seasonal, occasional or intermittent customers shall pay a \$1.50 turn-on charge when service is rendered, such charge to be subject to refund without interest, after such customer has received 12 months' continuous service at the location.

## EXHIBIT A - Page 5 of 24

SCHEDULE D-1Territory:

Within the rate areas of Santa Cruz (12) and Watsonville (13), as more fully described in the Description of Special Rate Areas.

Rate:

Service Charge per meter per month .....	60¢		
Energy Charge (to be added to Service Charge):			
First 40 kwhr per meter per month .....	3.7¢	per	kwhr
Next 60 kwhr per meter per month .....	2.7	"	"
Next 100 kwhr per meter per month .....	1.9	"	"
Next 300 kwhr per meter per month .....	1.2	"	"
All excess kwhr per meter per month:			
May to October, incl. ....	1.2	"	"
November to April, incl. ....	1.05	"	"

SCHEDULE D-2Territory:

Within the rate areas of Capitola (2), East Santa Cruz (3), Freedom (5), Gilroy (6), Hollister (7), Morgan Hill (8), Pajaro (9) and Paradise Park (10), as more fully described in the Description of Special Rate Areas.

Rate:

Service Charge per meter per month .....	65¢		
Energy Charge (to be added to Service Charge):			
First 40 kwhr per meter per month .....	3.8¢	per	kwhr
Next 60 kwhr per meter per month .....	2.8	"	"
Next 100 kwhr per meter per month .....	1.9	"	"
Next 300 kwhr per meter per month .....	1.2	"	"
All excess kwhr per meter per month:			
May to October, incl. ....	1.2	"	"
November to April, incl. ....	1.05	"	"

SCHEDULE D-3

Territory:

Within the rate areas of Boulder Creek (1), Felton (4) and San Juan Bautista (11), as more fully described under the reference numbers in the Description of Special Rate Areas.

Rate:

Service Charge: per meter per month.....	70¢
Energy Charge (to be added to Service Charge):	
First 40 kwhr per meter per month.....	3.9¢ per kwhr
Next 60 kwhr per meter per month.....	2.9 "
Next 100 kwhr per meter per month.....	1.9 "
Next 300 kwhr per meter per month.....	1.2 "
All excess kwhr per meter per month:	
May to October, incl. ....	1.2 "
November to April, incl. ....	1.05 "

SCHEDULE D-4

Territory:

The entire territory served outside of the Special Rate Areas as described in the Description of Special Rate Areas.

Rate:

Service Charge: per meter per month.....	80¢
Energy Charge (to be added to Service Charge):	
First 40 kwhr per meter per month.....	4.2¢ per kwhr
Next 60 kwhr per meter per month.....	3.2 "
Next 100 kwhr per meter per month.....	2.0 "
Next 300 kwhr per meter per month.....	1.2 "
All excess kwhr per meter per month:	
May to October, incl. ....	1.2 "
November to April, incl. ....	1.05 "



Item 3:SCHEDULE DESERVICE TO COMPANY EMPLOYEES AND ANNUITANTSApplicability:

Applicable to domestic service of electricity for cooking, water heating, space heating, refrigeration and other domestic uses, to Company's Regular Employees and Annuitants, under the conditions set forth herein.

Territory:

Within the service area of Company where the Company directly serves separately metered electricity.

Rate:

Qualified Employees and Annuitants will be served under the Company's regularly applicable rate schedules less a 25% discount, provided, however, that the monthly billing will not be less than the applicable minimum (or service) charge.

Special Conditions:

1. Regular Employees will be determined to be such under Company's generally applicable personnel policies. Annuitants are former employees retired under the provisions of Company's "Annuity Plan for Employees".
2. Employee rates are available only:
  - (a) When the Employee or Annuitant is the head of the household served, or major source of support, except that married women employees may qualify irrespective of their status of dependency upon their husbands.
  - (b) When service is rendered to Employees or Annuitants at their place of residence.

Item 4:SCHEDULE HCOMMERCIAL HEATING AND COOKING SERVICEApplicability:

Applicable to commercial heating and cooking service, and to single-phase power service (5 hp or less), when combined in the same meter with commercial heating and cooking service of at least 2 kw capacity.

Territory:

Entire territory served by Company.

Rate:

Commercial Heating, Cooking and/or Water Heating Service.

First 150 kwhr per meter per month.....	4.06¢ per kwhr
Next 850 kwhr per meter per month.....	1.82¢ " "
All excess kwhr per meter per month.....	1.26¢ " "

Minimum Charge:

First 7 kw or less of connected capacity.....	\$3.36 per month
Over 7 kw of connected capacity.....	.28 per kw per month

When the customer signs a contract for service for a period of one year the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

Special Conditions:

(a) Service will normally be 120/240-volt, 3-wire, single-phase, alternating current.

(b) Minimum charges are based on the total load which may be connected at any time.

(c) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt, or at the customer's request and at his expense, a suitable load-limiting device may be installed by the Company, which automatically prevents use of connected capacity in excess of a predetermined amount.

NOTE: This schedule is available only for service to those installations which were being served on Schedule C-1 when this schedule became effective.

Item 5:SCHEDULE LS-1STREET AND HIGHWAY LIGHTINGApplicability:

Applicable to service to street, highway and other public outdoor lighting installations, using bracket, mast arm, or center suspension construction, and supplied from overhead lines, where the Company owns and maintains the entire equipment.

Territory:

Applicable to the entire territory served.

Rate:

Incandescent Filament Lamps	<u>Monthly Charge per Lamp</u>	
	<u>Lamp Rating</u>	<u>All Night Service</u>
	1,000 lumens	\$1.70
	2,500 lumens	2.65
	4,000 lumens	3.25
	6,000 lumens	4.10
	10,000 lumens	5.30
	15,000 lumens	6.75

Special Conditions:

1. Company reserves the right to supply either "series" or "multiple" service, depending upon circumstances.
2. The average hours of nightly service hereunder will be 11 hours per night (4,000 hours per year).
3. When service is supplied for less than 10 lamps in a circuit separately switched by time-clock control, an additional charge of 60¢ per month will be made for each circuit so controlled.
4. Lamp rates include refractor. In lieu thereof, a diffusing globe, special highway reflector or equivalent special reflector will be supplied on request. For sizes of 4,000 lumens or larger, where the average spacing between lamps on the same burning schedule does not exceed 200 feet, as measured along the center line of the street, counting lamps on both sides, the Company's standard ornamental bracket and lighting unit will be furnished, if desired, without extra charge, or for greater spacing, at an extra charge of 30¢ per lamp per month.

Item 6:

SCHEDULE LS-2

ELECTROLIER LIGHTING  
(Customer-owned Equipment)

Applicability:

Applicable to service to electrolier lighting systems where the customer owns the lighting fixtures and interconnecting circuits and the Company furnishes energy at one or more central points.

Territory:

Applicable to entire territory served by the Company.

Rate:

Class:	<u>Rate per Lamp per Month</u>							
	<u>A</u>		<u>B</u>		<u>C</u>			
	Company supplies energy and switching service only.		Company supplies energy and switching service and maintains lamps and glassware.		Company supplies energy and switching service and maintains entire system including lamps and glassware.			
Burning Schedule:	<u>All Night</u>		<u>Midnight</u>		<u>All Night</u>		<u>Midnight</u>	
	Group		Group					
	<u>Regular</u>	<u>Replace</u>	<u>Regular</u>	<u>Replace</u>				
<b>Incandescent Lamps:</b>								
1,000 lumens	\$0.47	\$0.50	\$0.39	\$0.41	\$0.85	\$0.65	\$1.00	\$0.80
2,500 lumens	1.00	1.05	0.80	0.85	1.50	1.10	1.65	1.30
4,000 lumens	1.50	1.60	1.15	1.25	2.00	1.50	2.20	1.70
6,000 lumens	2.10	2.25	1.65	1.75	2.70	2.00	2.85	2.20
10,000 lumens	3.40	3.60	2.60	2.75	4.00	3.00	4.20	3.20
15,000 lumens	4.80	5.10	3.70	3.95	5.55	4.20	5.75	4.40
25,000 lumens	7.70	8.15	5.70	6.05	8.70	6.40	8.90	6.60
<b>Mercury Vapor Lamps:</b>								
16,000 lumens	3.25		2.75		5.05	4.40	5.30	4.70
20,000 lumens	3.25		2.75		5.65	5.00	5.90	5.30

SCHEDULE LS-2 (Continued)Special Conditions:

(a) This schedule is applicable to series street lighting systems where the Company furnishes the constant current regulating transformers, and to multiple street lighting systems where the Company delivers current at secondary voltage. Unless otherwise agreed, series current will be delivered at 6.6 amperes and multiple current at 120-240 volts, 3-wire, single-phase. All currents and voltages stated herein are nominal, reasonable variations being permitted.

(b) Delivery will be made to the customer's system at a point or at points mutually agreed upon. The Company will furnish the service connection to base of first post of each group of electroliers, provided the customer has arranged his system for the least practicable number of points of delivery, and provided, further, that the Company shall not be required under this schedule to make an underground service connection at its expense to any group of less than 10 electroliers nor less than 3 kw connected load.

(c) This schedule contemplates switching by the Company (on the Company's side of points of delivery) and no extra charge will be made for switching, provided there are at least 10 kilowatts of lamp load on each circuit separately switched, including all lamps on the circuit whether served under this schedule or not; otherwise, an extra charge of \$2.35 per month will be made for each circuit separately switched.

(d) Lights will be turned on and off once each night in accordance with a standard burning schedule prescribed by the customer, but not exceeding 4,000 hours per year for all-night service and 2,000 hours per year for midnight service.

(e) The rates under Classes B and C include all labor necessary for replacement of lamps and glassware and for inspection and cleaning of the same. Maintenance of glassware by the Company is limited to standard glassware such as is commonly used and manufactured in reasonably large quantities. A suitable extra charge will be made for maintenance of glassware of a type entailing unusual expense. Under Class C, the rates include maintenance of circuits between electrolier posts and of circuits and equipment in and on the posts, provided these are all of good standard construction; otherwise, the Company may decline to grant Class C rates. Class C rates also include painting of posts with one coat of good ordinary paint as required to maintain good appearance, but do not include replacement of posts broken by traffic accidents or otherwise.

Item 7:

SCHEDULE LS-3

ELECTROLIER METER SERVICE

(Optional with Schedule LS-2, Class A)

Applicability:

Applicable to service to electrolier lighting systems where the customer owns the lighting fixtures and interconnecting circuits, and the Company furnishes energy at one or more central points.

Territory:

Applicable to entire territory served by the Company.

Rate:

Energy Charge:

For the first 20 kw or less of connected load:-  
3.6¢ per kwhr for first 150 kwhr per month, per kw connected  
.8¢ per kwhr for all in excess

For all connected load in excess of the first 20 kw:-  
3.0¢ per kwhr for first 150 kwhr per month per kw connected  
.8¢ per kwhr for all in excess

The above rates apply for service within incorporated limits of cities and towns as they existed on December 20, 1952. For service outside of such limits add 15% to the above charges.

Service Charge (to be added to Energy Charge):

\$3.40 per month for each service connection to a separate circuit.

SCHEDULE LS-3 (Continued)Special Conditions:

## (a) Series System:

This schedule is applicable to alternating current series street lighting service delivered to the customer's system but metered on the primary side of constant current transformers. Unless otherwise agreed, 6.6-ampere current will be supplied. Constant current transformers will be located at the nearest convenient points back from the points of delivery, or, at the option of the Company, in the Company's substation. Two or more circuits may be combined on a single transformer. Meters will be located at the nearest convenient point back of constant current transformers. In case of more than one transformer, the service may be metered at more than one point, or at the option of the Company, any two or more transformers may be served through a single meter located at the nearest convenient point back on the line or at the substation.

## (b) Multiple System:

This schedule is applicable to alternating current multiple street lighting service delivered to the customer's system at 120-240 volts and metered at delivery voltage at nearest convenient points back from points of delivery. In case of more than one point of delivery, the service may be metered at more than one point, or, at the option of the Company, two or more deliveries may be combined on one meter located at the nearest convenient point back on the line.

## (c) General:

The connected load will be determined by taking the rated wattage of all lamps connected to the metered system after dividing each by the rated efficiency of its individual transformer if one is used. Delivery will be made at a point or points mutually agreeable to both parties, the Company connecting to the customer's system at the base of first electrolier in each group. All currents and voltages stated herein are nominal, reasonable variations being permitted.

## (d) Switching:

This schedule contemplates switching by the Company (on the Company side of points of delivery) in accordance with a standard burning schedule. In case switching by the Company is not desired, the service charge will be \$2.15 per month per point of delivery instead of \$3.40.

Item 8:

SCHEDULE P-1GENERAL POWER SERVICEApplicability:

This schedule is applicable to alternating current used in motors, heating and cooking devices, and rectifiers for battery charging; but is not applicable to current used for lighting, either directly or through transforming or converting equipment, except incidental lighting (as defined in Special Condition (f) below).

Territory:

Entire territory served by the Company.

Rate:

Horsepower of Connected Load	Rate per Kwhr for Monthly Consumption of			
	First 50 Kwhr per Hp	Next 50 Kwhr per Hp	Next 150 Kwhr per Hp	All Over 250 Kwhr per Hp
2 - 9 hp	4.60¢	2.50¢	1.60¢	1.25¢
10 - 24 hp	3.80¢	2.25¢	1.25¢	1.00¢
25 - 49 hp	3.25¢	2.15¢	1.15¢	.90¢
50 - 99 hp	2.80¢	1.90¢	1.10¢	.85¢
100 - 249 hp	2.45¢	1.70¢	1.00¢	.80¢
250 - 499 hp	2.25¢	1.45¢	.90¢	.75¢
500 - 999 hp	2.15¢	1.35¢	.90¢	.70¢
1000 - 2499 hp	2.05¢	1.25¢	.90¢	.70¢
2500 hp and over	1.95¢	1.15¢	.90¢	.70¢

Minimum Charge:

\$2.20 per month for the first 2 horsepower or less, plus \$1.10 per horsepower per month for the next 48 horsepower, plus \$0.70 per horsepower per month for any excess. The minimum charges will be accumulative for the service year, being payable in monthly installments until such time as the cumulative energy charges equal the annual minimum charge.

Special Conditions:

(a) This schedule of rates will apply to service rendered at any standard voltage in accordance with the Rules and Regulations of the Company.

(b) Connected load, for the purpose of this schedule, is the sum of the rated capacities of all of the customers' equipment that may be connected to the Company's lines at the same time. Motors will be counted at their nameplate ratings in horsepower and other devices at their nameplate ratings converted to horsepower at 1 kva per horsepower. Where such equipment includes a transformer used to supply other devices, the rating of such transformer will be used in lieu of the devices supplied by it. Where nameplate of any motor or device is misleading, the Company will use such rating as seems proper.

(c) When the installation consists of two or more 3-phase motors, the customer may select any standard motor rating between 7-1/2 horsepower and 40 horsepower, inclusive, but not less than the largest motor installed, which will then become customer's connected load for the purpose of this schedule, and Company will, at customer's expense, install a suitable load-limiting device, which will prevent the use of loads exceeding the predetermined amount.



SCHEDULE P-1 (Continued)Special Conditions: (Continued)

(d) Consumers may have rates and minimum charges based on measured maximum demand, in which case the horsepower of demand upon which rates and minimum charges will be based will not be less than 40% of the connected load, and the minimum charges will not be less than \$55.00 per month.

The maximum demand in any month will be the average horsepower input (746 watts equivalent) occurring in the 15-minute interval in which the consumption of electric energy is greater than in any other 15-minute interval in the month, such average input to be measured by indicating or recording instruments supplied and maintained by the Company or by test at the option of the Company.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the Company may base the consumer's maximum demand upon a 5-minute interval instead of a 15-minute interval.

Demand for installations in excess of 750 hp of connected load occurring between the hours of 11:00 pm and 6:00 am of the following day and on Sundays and legal holidays will not be considered in computing charges under this schedule.

(e) Any consumer may obtain the rates and conditions of service for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(f) Incidental lighting will be permitted under this schedule for industrial plants only, where the connected load in power apparatus (exclusive of lighting) is 50 hp or over, and where such lighting service is delivered through the power meter at the voltage supplied for power load. For the purpose of this schedule, incidental lighting is any lighting on the premises of an industrial (as distinguished from commercial) plant operated by power supplied on this schedule, except lighting in dwellings or in buildings used primarily for trade or for any purpose not essential to the operation of such plant.

(g) Where consumers have a total connected load of 500 hp or more, charges for energy shall be adjusted for weighted monthly average power factor as follows:

If the power factor exceeds 80%, bills shall be reduced by 0.3% for each 1% of such excess up to and including 90% power factor and by 0.2% for each 1% of such excess over 90% power factor. If the power factor is less than 65%, bills shall be increased by 0.5% for each 1% of such deficiency in power factor, provided that the maximum increase shall not exceed 5%. In no case, however, shall the total charge, after adjustment for power factor, be less than the minimum charge.

For determining the weighted monthly average power factor for the purpose of this schedule a meter to measure the reactive kilovolt-ampere hours of the load shall be installed in conjunction with the kilowatt-hour meter. The power factor computed from the ratio of the monthly reactive kva-hours to the monthly kWhrs shall be computed to the nearest whole per cent. In any case, where the power factor is likely to be leading at any time, the reactive component meter may be ratcheted to prevent reversal.

Item 9:

SCHEDULE P-2

INTERMITTENT POWER SERVICE

Applicability:

Optional to Schedule P-1 and applicable especially to packing houses, canneries and so forth, where the use of power is intermittent and seasonal.

Territory:

Entire territory served.

Rate:

Demand Charge:

First 10 hp of connected load.....	\$5.50 per hp per yr.
Each additional horsepower.....	3.85 " " " "

Energy Charge:

The energy charges are the rates without the minimum charges set forth under Schedule P-1.

The total charge is the sum of the demand and energy charges.

Special Conditions:

The demand charge is payable in five equal monthly installments during the first five months of each service year.

Item 10:SCHEDULE P-3PRIMARY INDUSTRIAL POWER SERVICEApplicability:

Applicable to general power supplied at standard line voltages, as available.

Territory:

Applicable to entire territory served.

Rate (A):

Service at 4,000 volts up to and including 25,000 volts.

Demand Charge:

First	200 kw or less of maximum demand.....	\$34.00 per month
Next	300 kw of maximum demand.....	\$1.10 per kw per month
Next	500 kw of maximum demand.....	.85 " " " "
	All over 1000 kw of maximum demand.....	.65 " " " "

Energy Charge (to be added to Demand Charge):

First	150 kwhr per kw per month.....	.9¢ per kwhr
Next	150 kwhr per kw per month.....	.7¢ " " "
All over	300 kwhr per kw per month.....	.6¢ " " "

Rate (B):

Service at line voltages in excess of 25,000 volts.

The rate is the same as that set forth under Rate (A) above with the demand charge decreased by 15% and the energy charge decreased by 3%.

Special Conditions:

(a) Voltage: Service under Rate (A) will be supplied by the Company at standard line voltage of 4,000 volts or more up to and including 25,000 volts, as available.

Service under Rate (B) will be supplied by the Company at standard line voltages above 25,000 volts, as available.

(b) Demand: The maximum demand in any month will be the average kilowatt delivery of the 30-minute interval in which the consumption of electric energy is greater than in any other 30-minute interval in the month. The maximum demand on which the demand charge and energy block will be based will not be less than 50% of the greatest maximum demand occurring during the 11 preceding months.

Demands occurring between the hours of 10:30 p.m. and 6:30 a.m. of the following day and on Sundays and legal holidays will not be considered in computing charges under this schedule.

(c) All voltages referred to in this schedule are nominal voltages.

(d) Power Factor Clause: Where consumers have a total connected load of 500 hp or more, charges for energy shall be adjusted for weighted monthly average power factor as follows:

If the power factor exceeds 80% bills shall be reduced by 0.3% for each 1% of such excess up to and including 90% power factor and by 0.2% for each 1% of such excess over 90% power factor. If the power factor is less than 65%, bills shall be increased by 0.5% for each 1% of such deficiency in power factor, provided that the maximum increase shall not exceed 5%. In no case, however, shall the total charge, after adjustment for power factor, be less than the minimum charge.

For determining the weighted monthly average power factor for the purpose of this schedule a meter to measure the reactive kilovolt-ampere-hours of the load shall be installed in conjunction with the kilowatt-hour meter. The power factor computed from the ratio of the monthly reactive kva-hours to the monthly kilowatt-hours shall be computed to the nearest whole per cent. In any case, where the power factor is likely to be leading at any time, the reactive component meter may be ratcheted to prevent reversal.

## EXHIBIT A - Page 18 of 24

Item 11:

SCHEDULE PA-1AGRICULTURAL POWER SERVICEApplicability:

Applicable to general agricultural and reclamation service, including pumping, food choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use, provided service, in all cases is accepted at the standard voltage supplied for power at the particular location; but excluding general lighting service and domestic service.

Territory:

Applicable to entire territory served.

Rate:

Size of Installation	Annual Service Charge per Yp	Energy Charge in Addition to the Service Charge		
		Rate per Kwhr for Consumptions per Hp per Year of		
		First 1,000 Kwhr	Next 1,000 Kwhr	All over 2,000 Kwhr
2 - 4 hp	\$7.50*	1.80%	1.00%	.80%
5 - 14 hp	6.30	1.60	1.00	.80
15 - 49 hp	5.70	1.40	1.00	.80
50 - 99 hp	5.10	1.30	1.00	.80
100 - hp and over	4.50	1.25	1.00	.80

\* In no case will the total annual service charge be less than \$15.00 for single-phase service, nor less than \$22.50 for 3-phase service.

Special Conditions:

(a) Agricultural Year: Meters on all agricultural services will be read by the Company in March of each year and the above rates will apply to the yearly periods between such successive readings.

(b) Payment of Service Charges: The service charge will be payable in six equal monthly installments with bills for energy used during the months of April to September, inclusive.

(c) Voltage: Service will be supplied at standard voltages in accordance with the provisions of Rule and Regulation No. 2. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the Company.

(d) Contracts: The Company may require a contract for service under this schedule for a period not to exceed three years when service is first rendered and thereafter from year to year.

(e) The service charge will be based on the largest load that may be connected at any one time. For the purpose of calculating service charge one kilowatt of lighting or heating load will be rated at one horsepower.

SCHEDULE PA-1 (Continued)Special Conditions: (Continued)

Whenever the input to any motor is found upon test to be more than 135% of its rated capacity, the Company may disregard the nameplate rating and base its charges on 75% of the actual input determined by test.

(f) Consumers permanently increasing or decreasing their connected load will have their bills adjusted as provided in Special Condition (g) following, original load being considered as discontinuing service and the increased or decreased load as commencing service.

(g) Service Commenced or Discontinued During the Agricultural Year:

The following adjustments apply only in the case of service first begun or permanently discontinued and will not be made when installations shut down for a few months.

For a fractional agricultural year the rate will be modified as follows:

The service charge will apply to service taken between April 1 and September 30 at the rate of one-sixth of the annual charge per month.

The size of the blocks of energy charge will be multiplied by the factor in the following table corresponding to the month during which service is begun or discontinued:

<u>Month in which service Commences or is Discontinued</u>	<u>Factor</u>	
	<u>New Service</u>	<u>Discontinued Service</u>
April.....	1.0	.1
May.....	.9	.1
June.....	.8	.2
July.....	.7	.3
August.....	.6	.4
September.....	.5	.5
October.....	.4	.6
November.....	.3	.7
December.....	.2	.8
January.....	.1	.9
February.....	.1	.9
March.....	.1	1.0

Item 12:SCHEDULE PA-2AGRICULTURAL POWER SERVICE - LIMITED USEApplicability:

Applicable to general agricultural and reclamation service including pumping, feed choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use, but excluding general lighting service and domestic service. Power may be supplied under this schedule for the pumping of water used to maintain golf courses, cemetery grounds, or similar projects.

Territory:

Applicable to entire territory served.

Rates:

April to September, inclusive.....2.4¢ per kwhr  
 October to March, inclusive.....1.25 " "

Minimum: \$6.00 per hp per year but not less than \$30.00  
 for the agricultural year, or any fraction thereof during which  
 service is taken.

This schedule applies when customer's entire use during the restricted period is limited to the night hours 5:30 p.m. to 7:30 a.m. other than Saturday afternoons and Sundays; and acceptance agreement is signed by customer in advance.

The restricted period shall be four consecutive calendar months (not the billing periods), commencing May 1.

Special Conditions:

(a) Agricultural Year: Meters on all agricultural services will be read by the Company in March of each year, and the above rates will apply to the yearly periods between such successive readings.

(b) Payment of Minimum Charges: If the energy charges up to and including the bill for October do not come up to the minimum charge, the balance is payable with the October bill but will be carried as a credit against further use in the same agricultural year; provided, however, that when the usage is substantially uniform throughout the year, the minimum charge is not payable until the end of the agricultural year.

(c) Contracts: The Company may require a contract for agricultural power service for a period not to exceed three years when service is first rendered and thereafter from year to year.

(d) The minimum charge will be based on the largest load that may be connected at any one time. For the purpose of calculating minimum charge one kilowatt of lighting or heating load will be rated at one horsepower.

(e) Adjustment of Bills: At the end of each agricultural year, the Company will adjust the bills of customers on this schedule to Schedule P-3 in the event that schedule would be more favorable.

NOTE: This schedule is available only for service to those agricultural installations served hereunder on the effective date of this schedule.

Item 13:

SCHEDULE R

RESALE POWER SERVICE

Applicability:

Applicable to electric service to other electric utilities and to municipalities for distribution and resale. Service to be supplied at standard voltages of 2,200 volts or over.

Territory:

Entire territory served.

Rate:

Demand Charge:

First	10 kw or less of maximum demand .....	\$22.50 per month
	All over 10 kw of maximum demand .....	1.70 per kw

Energy Charge (to be added to Demand Charge):

First	100 kwhr per kw per month.....	1.80¢ per kwhr
	All over 100 kwhr per kw per month .....	1.25¢ per kwhr

Special Conditions:

(a) Voltage: Service under this schedule will be supplied by the Company at standard voltages of 2,200 volts or more as available.

(b) Demand: The maximum demand in any month will be the average kilowatt delivery of the 15-minute interval in which the consumption of electric energy is greater than in any other 15-minute interval in the month. The maximum demand on which the demand charge and energy block will be based will not be less than 10 kilowatts during any month.

(c) Optional Rate: Service may be taken under Schedule P-1 at the option of the consumer.

Item 14:SCHEDULE SSTAND-BY AND AUXILIARY SERVICEApplicability:

Applies for stand-by or auxiliary service supplied to customers whose premises are supplied, in whole or in part, from a privately-owned electric generating plant; also applies for stand-by or auxiliary service supplied to customers whose power requirements are supplied, in whole or in part, by steam engine, internal combustion engine, or other nonelectric application.

Under no circumstances is customer's generating plant or separate source of supply to be electrically interconnected with company's system nor is customer's prime mover (or motor driven by non-company source of supply) to mechanically parallel motors driven from or connected to Company system.

The use of Company facilities or service to correct customer's power factor or provide similar benefit or to regulate or govern other source of power is neither contemplated nor permitted hereunder, and installation must be so arranged that no such use can occur.

The maximum load served under this schedule is 500 kva.

Territory:

Entire territory served by the Company.

Rate:

Regular schedules to be used.

The demand, energy and minimum charges of the regular schedules applicable, including all other provisions of said schedules, shall be applied subject to special monthly minimum charges consisting of the following demand and energy charges:

Special Minimum Charge:

## Demand Charge: ...

First 25 kva .....	\$ 2.82 per kva per month
Excess .....	1.69 " " " "
Minimum Demand Charge.....	22.59 per month

## Energy Charge (to be added to Demand Charge):

First 5,000 kwhr per month.....	6.9 mills per kwhr
All excess.....	5.8 " " "



SCHEDULE S (Continued)Special Conditions:

(a) This schedule is available only on an annual basis. A written contract will be required when service is first rendered hereunder.

(b) Demands may be determined by test or by permanently installed registers at the option of the Company.

The demand charge shall be based on the contracted-for demand when the 15-minute interval demand does not exceed the contract demand and fluctuations in load, including instantaneous or momentary demands are kept within ordinarily accepted limits.

(c) The Company may require the customer to install at his own expense an automatic opening circuit breaker actuated by an inverse time limit relay and of type satisfactory to the Company to limit the load upon Company's system, in which case it will be set to trip when a uniform 15-minute interval demand exceeds the contract demand, and when instantaneous or momentary demands or demands sustained for several minutes exceed amounts permitted by said inverse time limit relay attachment. The circuit breaker may be of a type which can be reclosed manually (but not held closed) but shall otherwise be locked by Company so that setting cannot be changed or otherwise tampered with by any unauthorized party.

The Company, in addition to the above, may require fusing (or equivalent) to prevent starting, instantaneous, or short circuit loads exceeding 400% of contracted-for demand.

Item 15:DESCRIPTION OF SPECIAL RATE AREAS

The special rate areas mentioned by name on certain rate schedules are the areas more fully described below, each such area being listed here by the same name used on the said rate schedules. (Where a length of street or road is used to enclose a special area, customers immediately adjacent on both sides of such portion of street or road boundary are deemed within the special area unless such customers thereby would be included within two special rate areas, in which case they will be deemed included in the area to which the lower rates are applicable.)

1. Boulder Creek: The built-up area described as follows:

[See note at end of this Item 15.]

2. Capitola: The territory within the incorporated limits of the City of Capitola as those limits existed on December 20, 1952.

3. East Santa Cruz: The built-up area described as follows:

[See note at end of this Item 15.]

DESCRIPTION OF SPECIAL RATE AREAS (Continued)

4. Felton: The built-up area described as follows:  
     [See note at end of this Item 15.]
5. Freedom: The built-up area described as follows:  
     [See note at end of this Item 15.]
6. Gilroy: The territory within the incorporated limits of the City of Gilroy, as those limits existed on December 20, 1952.
7. Hollister: The territory within the incorporated limits of the City of Hollister, as those limits existed on December 20, 1952.
8. Morgan Hill: The territory within the incorporated limits of the City of Morgan Hill, as those limits existed on December 20, 1952.
9. Pajaro: The built-up area described as follows:  
     [See note at end of this Item 15.]
10. Paradise Park: The built-up area described as follows:  
     [See note at end of this Item 15.]
11. San Juan Bautista: The territory within the incorporated limits of the City of San Juan Bautista, as those limits existed on December 20, 1952.
12. Santa Cruz: The territory within the incorporated limits of the City of Santa Cruz, as those limits existed on December 20, 1952.
13. Watsonville: The territory within the incorporated limits of the City of Watsonville, as those limits existed on December 20, 1952.

[NOTE: The tariff sheets showing descriptions of special rate areas are to be arranged for inclusion at the end of applicant's book of tariff schedules, following the Rules and Regulations. Applicant shall provide a description, or a map showing the delineated boundary of each of areas 1, 3, 4, 5, 9 and 10, as enumerated above, substantially in accordance with the descriptions shown in Exhibit A to applicant's First Supplemental Application No. 33014, and with the maps filed as Exhibit No. 24a.]