

Decision No. 50686**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BAY POINT LIGHT AND POWER COMPANY, a)
 corporation, for authority to increase) Application No. 34959
 rates applicable to electric service)
 within its service area in the State)
 of California.)

Mrs. E. N. Van Winkle, president, by Roy A. Wehe for
 applicant; R. W. Hollis, for the Commission staff.

O P I N I O NNature of Proceeding

Bay Point Light and Power Company, a California corporation, by the above-entitled application filed December 14, 1953 and as amended September 8, 1954, seeks an order of this Commission authorizing increases in rates and charges for electric service rendered in Port Chicago, Clyde and adjacent territories in Contra Costa County.

Public Hearing

A public hearing in the matter was held before Examiner Emerson on September 8, 1954 at Port Chicago. Although due notice of the hearing was given, only one customer of applicant attended the hearing.

Applicant's Position and Request

According to applicant, increasing costs of all elements of its operations during the past several years, together with the loss of its largest customer (U. S. Navy) during the year 1952, has so adversely affected its financial situation as to produce recorded losses of \$1,978 in 1951, \$6,214 in 1952, \$9,362 in 1953 and an anticipated loss of approximately \$4,670 for the year 1954.

Applicant proposes specific rate increases which, had they been in effect for the entire year 1954, it estimates would have produced a gross revenue increase of about \$18,000 and a net revenue of about \$9,000. Its basic request is that it be accorded rate relief sufficient to enable it to earn that rate of return which would result from the establishment of its electric rates at the same level of rates charged for similar service in adjoining areas served by Pacific Gas and Electric Company. In this respect applicant points out that it has not increased its rates since 1920 and has in fact reduced its rates a number of times in succeeding years, thus keeping them on a parity with those of the larger utility. In recent years, however, rates in the surrounding areas have been increased while applicant's rates have remained unchanged.

On the average and based upon estimated 1954 usage, applicant's proposed rates would increase present rates by the following percentages for the number of customers indicated:

<u>Schedule</u>	<u>Number of Customers</u>	<u>Per Cent Increase</u>
D-1 Domestic	574	26.8%
D-2 Domestic (rural)	45	26.3
L-1 Commercial Lighting	79	20.6
L-2 Commercial Lighting (rural)	7	22.1
L-3 Street Lighting	2	12.1
C-1 Commercial Heating	1	23.3
C-3 Commercial Power	3	22.5
P-1 Power	16	21.7
P-2 Power (demand basis)	4	15.9
Special Contract Power	1	19.4
Total	<u>732</u>	<u>21.7</u>

All customers are served at regularly filed rates except the Associated Oil Company pumping plant which is served under special contract.

The costs of applicant's own purchases of power from Pacific Gas and Electric Company have increased approximately 24 per cent during the last four years.

Applicant's Operations

The electric system supplying Port Chicago, Clyde and surrounding areas had its beginning in 1907 when the townsite of Bay Point was laid out. Presently it serves about 735 customers although during World War II it had a greater number plus the U. S. Naval Ammunition Depot as its customers. Its energy requirements are met by purchases from Pacific Gas and Electric Company at two substations having an aggregate transformer capacity of 3000 kva. With loss of the Navy load applicant found that its requirements could be met by discontinuing one substation and now plans to retain only the 1500-kva substation at Port Chicago.

Results of Operations

Applicant and the Commission staff presented detailed exhibits and testimony respecting the results of applicant's operations over the past few years together with estimates concerning the year 1954. These are summarized as follows:

ITEM	PRESENT RATES					
	Applicant			CPUC Staff		
	Recorded 1951	Recorded 1952	Adjusted 1953	Estimated 1954	Adjusted 1953	Estimated 1954
Operating Revenues	\$ 119,334	\$ 116,887	\$ 81,065	\$ 82,930	\$ 81,254	\$ 82,980
Operating Expenses before Depr. and Taxes	105,574	106,748	74,750	76,880	74,201	75,451
Depreciation	4,819	5,036	4,795	4,930	4,793	4,928
Taxes	10,919	11,317	5,415	5,790	5,415	5,495
Total Operating Expenses	121,312	123,101	84,960	87,600	84,409	85,874
Net Revenues	(1,978)	(5,214)	(3,895)	(4,670)	(3,155)	(2,894)
Rate Base (deprec.)	64,600	66,530	73,790	78,340	74,397	80,812
Rate of Return	loss	loss	loss	loss	loss	loss

(Red Figure)

PROPOSED RATES				
ITEM	Applicant		CPUC Staff	
	Estimated 1954		Estimated 1954	
Operating Revenues	\$	100,860	\$	100,960
Operating Expenses before Depr. and Taxes		76,880		75,451
Depreciation		4,930		4,928
Taxes		9,995		9,980
Total Oper. Exps.		<u>91,805</u>		<u>90,359</u>
Net Revenues		9,055		10,601
Rate Base (deprec.)		78,340		78,832
Rate of Return		11.6%		13.4%

In many instances applicant's and the staff's detailed figures are identical. Differences respecting the year 1954 are relatively few.

Applicant and the staff are in agreement as to fixed capital. Rate base differences, however, occur primarily from the manner in which an allowance for working cash was computed. In this respect the staff included one-sixth of the annual charge for depreciation while applicant did not. We conclude the applicant's computation is the more reasonable and, therefore, will adopt applicant's depreciated rate base of \$78,340 for the average year 1954 for the purposes of this proceeding.

With respect to operating expenses, applicant and the staff differ essentially only in two items. The first is that treatment to be accorded the labor charges resulting from applicant's having to correct certain past construction in order to comply with Commission's rules for overhead line construction. In this matter we are of the opinion that the staff's analysis and accounting are reasonable. The second difference concerns the amortization of the unusual expenses attendant upon removal of the now no-longer-needed substation. In this matter we shall accept applicant's estimation and amortization period as reasonable.

Conclusions

Applicant has clearly demonstrated its need for and entitlement to increased revenues. However, the rate of return which would result from the electric rates proposed by applicant would be excessive. We shall authorize a lesser increase than that sought by applicant. Based upon a rate of return of 6.9 per cent and an average depreciated rate base of \$78,340, which rate of return and rate base we hereby find to be reasonable, a gross revenue increase of \$13,735 will be authorized. Results of operations under the rates hereinafter authorized, for the test year 1954, indicate the following:

RESULTS OF OPERATIONS

Authorized Rates

ITEM	Year 1954 Authorized Rates
Operating Revenues	\$ 96,395
Total Operating Expenses	91,000
Net Revenue	5,395
Rate Base	78,340
Rate of Return	6.9%

Authorized Rates

The rates hereinafter authorized will produce the following increases, percentagewise, for the rate schedules listed. We find such increases to be justified.

Schedule

Old	New	Description	Per Cent Increase
D-1	D-1	Domestic	19.8%
D-2	D-2	Domestic (rural)	20.0
L-1	A-1	Commercial lighting	15.7
L-2	A-2	Commercial lighting (rural)	14.9
L-3	LS	Street lighting	12.1
C-1	H-1	Commercial heating	15.4
C-3	A-3	Commercial power	17.7
P-1	P-1	Power service	17.3
P-2	P-2	Power service, demand basis	12.4
P-1	P-1	Special contract power	14.8

Exhibit No. 3 in this proceeding is a copy of a power contract between Applicant and Associated Oil Company, dated July 11, 1927. Applicant proposed to increase the rates now charged under such contract by 20 per cent. The contract, however, states that "The price at which all electric energy hereunder shall be sold and delivered to and paid for by the consumer shall be as prescribed in Schedule P-1, filed with the California State Railroad Commission and reading as follows:-" There then follows an excerpt from said schedule as it existed in 1927. The contract continues in force until terminated by six months' notice by either party. In view of the evidence we shall authorize applicant to bill Associated Oil Company at the charges contained in the new Schedule P-1 authorized herein.

O R D E R

Bay Point Light and Power Company having applied to this Commission for an order authorizing increased electric rates, public hearing thereon having been held, the matter having been submitted and now 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, insofar as they differ therefrom, are for the future unjust and unreasonable; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, the schedules of rates attached hereto as Appendix A and, after not less than five days' notice to the public and to this

Commission to make said rates effective for service rendered to all customers, including Associated Oil Company, on and after December 1, 1954.

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

Dated at Los Angeles, California, this 26th day of October, 1954.

Arthur E. Mitchell
 PRESIDENT

Justus F. Calmer

Kenneth Peters

Jerome Suggins

Raylo Ventresini
 COMMISSIONERS

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Schedules A-1 and -2

(Title, applicability, and special condition to appear on each schedule.)

GENERAL SERVICE

APPLICABILITY

This schedule is applicable to all single-phase or polyphase alternating current service, provided that all polyphase service to any customer on the same premises shall be supplied through one meter. Service to each of two or more separate areas, but not in the same building, and which do not overlap within the same premises may be individually metered. At the customer's option single-phase and polyphase service may be combined.

SPECIAL CONDITION

(a) Voltage: Service on this schedule will be supplied at the secondary voltage available. Where polyphase power is to be combined with single-phase, a 4-wire service will be supplied, either 120-240 volt or 120-208 volt, whichever is available; 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.

Schedule A-1

TERRITORY

Within the boundaries of the unincorporated towns of Port Chicago and Clyde, Contra Costa County, described as Territory "A" in the preliminary statement.

RATE

Single-phase Service:

Service Charge: per meter per month 70¢

Energy Charge (to be added to service charge):

First	50 kwhr per meter per month	.....	4.4¢ per kwhr
Next	150 kwhr per meter per month	.....	4.1¢ per kwhr
Next	800 kwhr per meter per month	.....	3.8¢ per kwhr
Next	2,000 kwhr per meter per month	.....	3.0¢ per kwhr
Next	3,000 kwhr per meter per month	.....	2.0¢ per kwhr
All excess	.....	.....	1.9¢ per kwhr

Polyphase Service:

The single-phase rate plus \$1 per meter per month.

Minimum Charge:

65¢ per month per horsepower of polyphase connected motor load.

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Schedule A-2

TERRITORY

Within all territory outside of the boundaries of the unincorporated towns of Port Chicago and Clyde, Contra Costa County, described as Territory "B" in the preliminary statement.

RATE

Single-phase Service:

Service Charge: per meter per month 80¢

Energy Charge (to be added to service charge):

First	50 kwhr per meter per month	.....	5.4¢ per kwhr
Next	150 kwhr per meter per month	.....	5.0¢ per kwhr
Next	800 kwhr per meter per month	.....	4.1¢ per kwhr
Next	2,000 kwhr per meter per month	.....	3.0¢ per kwhr
Next	3,000 kwhr per meter per month	.....	2.0¢ per kwhr
All excess	.....	.....	1.9¢ per kwhr

Polyphase Service:

The single-phase rate plus \$1 per meter per month.

Minimum Charge:

65¢ per month per horsepower of polyphase connected motor load.

Schedule A-3

GENERAL SERVICE - DEMAND METERED

APPLICABILITY

This schedule is applicable to alternating current lighting and, at the customer's option, to alternating current for heating, cooking, power or any combination thereof (either single-phase or polyphase) alone or combined with lighting, provided all polyphase power service to any customer on the same premises shall be supplied through one meter. Service to each of two or more separate areas, but not in the same building, and which do not overlap within the same premises may be individually metered.

TERRITORY

The entire territory served by the Company.

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Schedule A-3—Contd.

RATE

Energy Charge:

First 6,000 kwhr or less per month	\$150.00
For all excess over 6,000 kwhr per month:	
First 50 kwhr per kw of billing demand	2.00¢ per kwhr
Next 150 kwhr per kw of billing demand:	
First 100,000 kwhr	1.20¢ per kwhr
Balance	0.85¢ per kwhr
Next 100 kwhr per kw of billing demand	0.85¢ per kwhr
All excess	0.60¢ per kwhr

Minimum Charge, per month:

\$150 but not less than 90¢ per kw of billing demand.

SPECIAL CONDITIONS

(a) Maximum Demand: The maximum demand in any month will be the maximum average power taken during any 15-minute interval in the month, provided, however, that whenever such monthly maximum demand has exceeded 400 kw for three consecutive months and thereafter until it has fallen below 300 kw for 12 consecutive months, a 30-minute interval will be used; provided further, that in cases where the use of energy is intermittent or subject to violent fluctuations, a 5-minute interval may be used. A thermal type of demand meter which does not reset after a definite time interval may be used.

(b) Billing Demand: The billing demand to be used in computing charges under the above schedule will be the mean of the actual maximum demand as determined under (a) for the current month and the highest such demand occurring in the year ending with the current month.

(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, whichever is available; 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, such single-phase and polyphase service will be supplied and metered separately, the meter readings being combined for the purpose of computing charges on this schedule.

(d) Primary Voltage Discount: When delivery hereunder is made at the same voltage as that of the line from which the service is supplied a discount of 3% for available line voltages of from 2 kv to 10 kv will be allowed, provided, however, the Company is not required to supply service at a particular line voltage where it has (or will install) ample facilities for supplying at another voltage equally or better suited to the customer's electrical requirements. The Company retains the right to change its line voltage at any time, after reasonable advance notice to any customer receiving a discount hereunder and affected by such change, and such customer then has the option to change his system so as to receive service at the new line voltage or to accept service (without voltage discount) through transformers to be supplied by the Company.

Schedules D-1 and -2

(Title and applicability to appear on each schedule.)

DOMESTIC SERVICE

APPLICABILITY

This schedule is applicable to domestic lighting, heating, cooking and single-phase domestic power service in single family dwellings and in flats and apartments separately metered by the Company; also to all single-phase farm service on the premises operated by the person whose residence is supplied through the same meter.

Schedule D-1

TERRITORY

Within the boundaries of the unincorporated towns of Port Chicago and Clyde, Contra Costa County, described as Territory "A" in the preliminary statement.

RATE

Service Charge: per meter per month	70¢
Energy Charge (to be added to service charge):	
First 40 kwhr per meter per month	4.4¢ per kwhr
Next 60 kwhr per meter per month	3.0¢ per kwhr
Next 100 kwhr per meter per month	2.4¢ per kwhr
All excess kwhr per meter per month	1.2¢ per kwhr

Schedule D-2

TERRITORY

Within all territory outside of the boundaries of the unincorporated towns of Port Chicago and Clyde, Contra Costa County, described as Territory "B" in the preliminary statement.

RATE

Service Charge: per meter per month	80¢
Energy Charge (to be added to service charge):	
First 40 kwhr per meter per month	5.4¢ per kwhr
Next 60 kwhr per meter per month	3.7¢ per kwhr
Next 100 kwhr per meter per month	2.6¢ per kwhr
All excess kwhr per meter per month	1.2¢ per kwhr

Schedule H-1

HEATING AND COOKING

APPLICABILITY

This schedule is applicable to cooking, heating and water heating service.

TERRITORY

The entire territory served by the Company.

RATE

Energy Charge:

First 150 kwhr per meter per month	4.0¢ per kwhr
All excess kwhr per meter per month	2.4¢ per kwhr

Minimum Charge:

First 7 kw or less of connected load	\$3.50
All excess kw per meter per month .....	.50 per kw

SPECIAL CONDITIONS

- (a) Service will normally be 120-240 volt 3-wire alternating current.
- (b) Minimum charges are based on the total active connected load of heating and cooking capacity which may be connected at any one time.
- (c) This schedule is applicable only to establishments which were being served under Schedule C-1 on the effective date of this schedule.

Schedule LS

STREET AND HIGHWAY LIGHTING

APPLICABILITY

This schedule is applicable to service to street, highway and other public outdoor lighting installations, using incandescent filament or mercury vapor lamps with brackets, mast arm, or center suspension construction, and supplied from overhead lines, where the Company owns and maintains the entire equipment.

TERRITORY

The entire territory served by the Company.

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Schedule LS—Contd.

RATE

	<u>Rate per Lamp per Month</u>	
	<u>All-Night Service</u>	<u>Midnight Service</u>
Incandescent Lamps:		
Lamp Rating:		
1,000 lumens	\$ 1.90	\$1.65
2,500 lumens	2.95	2.55
4,000 lumens	3.55	3.00
6,000 lumens	4.25	3.55
10,000 lumens	5.80	4.75
15,000 lumens	7.50	6.00
25,000 lumens	11.00	8.50
Mercury Vapor:		
11,000 lumens	\$ 6.90	\$5.80
15,000 lumens	7.80	6.65
20,000 lumens	8.40	6.95

SPECIAL CONDITIONS

- (a) Company reserves the right to supply either "series" or "multiple" service.
- (b) The above rates apply to lamps which will be turned on and off once each night in accordance with a regular burning schedule agreeable to the customer but not exceeding 4,100 hours per year for all-night service and 2,050 hours per year for midnight service.
- (c) Rates for regular operating schedules other than full all-night but not midnight will be the midnight rates plus or minus, respectively, for each half-hour per night more or less than midnight service, one eleventh of the difference between the midnight and the all-night rate, computed to the nearest whole cent.
- (d) The foregoing rates apply to installations of 10 lamps or more. When service is supplied for less than 10 lamps, the above rates increased by 10% will apply. Such increase in rate will be based upon the total number of lamps in the circuit and not upon the number of lamps billed to a separate customer.
- (e) 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. The lighting unit includes a diffusing globe. If a refractor also is desired, add 10¢.

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Schedule P-1

GENERAL POWER - CONNECTED LOAD BASIS

APPLICABILITY

This schedule is applicable to alternating current used in motors, heating and cooking devices, and rectifiers for battery charging; but it is not applicable to current used for lighting, either directly or through transforming or converting equipment.

TERRITORY

The entire territory serviced by the Company.

RATE

Energy Charge:	<u>Rate per Kw hr for Monthly Consumption of</u>			
	<u>First 50</u>	<u>Next 50</u>	<u>Next 150</u>	<u>All Over</u>
	<u>Kw hr</u>	<u>Kw hr</u>	<u>Kw hr</u>	<u>250 Kw hr</u>
<u>HP of</u>	<u>Per HP</u>	<u>Per HP</u>	<u>Per HP</u>	<u>Per HP</u>
<u>Connected Load</u>				
2 - 9.9 hp	4.6¢	2.4¢	1.3¢	1.1¢
10 - 24.9 hp	4.1¢	2.2¢	1.2¢	1.0¢
25 hp and over	3.5¢	2.1¢	1.1¢	1.0¢

Minimum Charge:	<u>Per HP per Month</u>
First 50 hp of connected load	\$1.25
All over 50 hp of connected load .....	.85

When the primary use of power is seasonal or intermittent, the minimum charge may, at the option of the customer, be made accumulative over a 12-month period.

The minimum charge shall be based on a connected load of at least 2 hp for single-phase service and at least 3 hp for three-phase service.

SPECIAL CONDITIONS

(a) Voltage: Any standard distribution voltage, single or polyphase, at the customer's choice, but not more than one, (except where 120/208-volt 4-wire star or 120/240-volt 4-wire delta service is available) will be supplied on this schedule, subject to the Company's rules and regulations on file with the Public Utilities Commission.

(b) Connected Load, for the purpose of this schedule, is the sum of the rated capacities of all of the customer's equipment that may be connected to the Company's lines at the same time, computed to the nearest one tenth of a horsepower. Motors will be counted at their name plate ratings in horsepower and other devices at their name plate ratings converted to horsepower at 1 kva per hp. 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 the original name plate of any motor or device has been removed or altered, the manufacturer's catalogue rating will be used, or the capacity may be determined by test.

(c) Guarantee Load: Any customer may obtain the rates and conditions of service for a connected load larger than his actual connected load by guaranteeing the charges (including the minimum charge) applicable to such larger connected load. Such a guarantee load may not be changed more than once per year.

Schedule P-2

GENERAL POWER - MAXIMUM DEMAND BASISAPPLICABILITY

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 Conditions (c) below) combined with power on the same meter.

TERRITORY

The entire territory served by the Company.

RATE

Energy Charge: Billing Demand KW	Rate per Kwhr for Monthly Consumption Per Kw of the Billing Demand			
	First 100 Kwhr Per KW	Next 100 Kwhr Per KW	Next 100 Kwhr Per KW	All Over 300 Kwhr Per KW
	0 - 18	3.4¢	1.8¢	1.3¢	1.0¢
19 - 37	3.1¢	1.5¢	1.1¢	0.9¢
38 - 74	2.8¢	1.3¢	1.1¢	0.8¢
75 - 186	2.4¢	1.2¢	1.0¢	0.7¢
187 and over	2.1¢	1.1¢	0.9¢	0.7¢

Minimum Charge:

\$50 per month for the first 40 kw or less of the billing demand plus 90¢ per kw for any excess, accumulative annually.

SPECIAL CONDITIONS

(a) Billing Demand for the purpose of this schedule is the maximum demand made by the customer's equipment for electrical power during the month for which bill is rendered but not less than 50% of the highest such demand in the preceding 11 months. The maximum demand in any month will be the maximum average power taken during any 15-minute interval in the month; provided, that in cases where the use of energy is intermittent or subject to violent fluctuations, a 5-minute interval may be used.

(b) Guaranteed Load: Any customer may obtain the rates and conditions of service for a billing demand greater than his actual demand by guaranteeing the charges (including the minimum charge) applicable to such greater demand. Such guaranteed demand may not be changed more than once per year.

(c) Incidental Lighting, for the purpose of this schedule, 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.

(d) Voltage: Any standard distribution voltage, single or polyphase, at the customer's choice, but not more than one, (except where 120/208-volt 4-wire star or 120/240-volt 4-wire delta service is available) will be supplied on this schedule, subject to the Company's rules and regulations on file with the Public Utilities Commission.