

ORIGINALDecision No. 51750

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CALIFORNIA-PACIFIC UTILITIES)
COMPANY, a California corporation,)
for authority to increase its)
electric rates and charges for)
electric service to the City of)
Needles, California, and adjacent)
territory.)

Application No. 36749

(Appearances and List of Witnesses
are set forth in Appendix B)

O P I N I O N

California-Pacific Utilities Company, by the above-entitled application filed February 23, 1955, requests an order of the Commission authorizing increases in electric rates and charges in Needles and adjacent territory to yield additional gross revenue of \$82,162, or approximately 27 per cent increase, at the 1955 level of business. Applicant also requested and has been granted an interim increase in the rate for power service rendered to The Atchison, Topeka and Santa Fe Railway Company pending completion of the rate case.^{1/}

Public Hearing

After due notice a day of public hearing was held before Commissioner Justus F. Craemer and Examiner M. W. Edwards on March 30, 1955, at Needles. Additional days of hearing were held on June 8 and 9, 1955, before Examiner Edwards. The matter was submitted for decision at the close of the hearing on June 9.

^{1/} Decision No. 51272, dated March 29, 1955, authorized a 25 per cent increase in power rates to the railway, estimated to yield an annual increase in revenue of \$6,200, it being understood that such increase is subject to final adjustment upon the completion of this proceeding.

Nature of Business

Applicant, a California corporation, owns and operates public utility electric, gas, water, and telephone systems in 68 widely scattered communities in the states of California, Oregon, Nevada, Idaho and Wyoming. Its principal office is located in San Francisco. Applicant's Needles Division at the end of 1954 served 3,873 gas, electric and telephone customers or 7.3 per cent of applicant's total customers, and in 1954 accounted for gross revenue in the amount of \$479,248 or 7.2 per cent of applicant's total. In addition to the City of Needles and adjacent territory, the Needles Division includes, for operating convenience, some 123 electric customers located in the communities of Nelson and Searchlight, Nevada. Natural gas and telephone services are rendered only in Needles and vicinity.

Electric service is furnished throughout the Division by an interconnected electric transmission system operating at 69 kv. Applicant's principal source of power is Hoover Dam, some 89.6 miles distant. Applicant also maintains a small standby generating plant within the City of Needles, consisting of two diesel and one gas generating units. At the end of 1954, applicant was furnishing electric service in Needles and vicinity, in California, to 1,289 residential, 287 commercial, 2 industrial and 6 street-lighting customers, or a total of 1,584.

Applicant's Position

Applicant's reason for requesting an increase in electric rates arises from the termination on December 31, 1954 of a contract for Hoover Dam energy. The cost of purchased energy was increased from an average rate slightly in excess of 2 mills per kwhr to a rate in excess of 8 mills per kwhr. Currently, applicant states that it has an arrangement whereby it will continue to receive its

Needles power from Hoover Dam but is required to pay at the higher rate of steam replacement energy. Applicant is in the process of signing an 11-year contract with the Colorado River Commission for power in accordance with Schedule LGS (Exhibit No. 7 herein), but states it will continue negotiations for a renewal of its Hoover Dam government contract. Applicant's position is that it cannot in the future earn a fair and reasonable rate of return at the present level of rates. It estimates that under the impact of such increased cost of power its earnings will drop to an 0.89 per cent rate of return for 1955. It seeks increased revenues which it computes will result in a return of 5.61 per cent upon its estimated depreciated rate base, which it contends is necessary to attract and obtain additional capital on reasonable terms to finance plant additions and improvements, to maintain a sound credit position, and to continue to provide satisfactory service.

Applicant's witness pointed out that its last general rate increase in Needles was in 1921 and since that time thirteen separate rate reductions have been placed in effect in Needles. The sum of the 13 reductions, as and when made, is \$73,289 on an annual basis. Authority is requested to increase existing rates by approximately 27.2 per cent on an average basis, as set forth in Exhibit I attached to the application, or for such other electric rates and charges as will yield additional gross revenue of \$82,162 in 1955.

Nature of Evidence

Evidence was offered by three witnesses for applicant through nine exhibits in support of its request. The Commission staff through three witnesses presented a report on the Needles Electric Department for the years 1953, 1954 and 1955 (Exhibit No.11), in general verifying applicant's showing. Representatives for the City of Needles presented two exhibits (Nos. 3 and 13) dealing with

applicant's operations and earnings. In addition to this study other representatives and citizens of Needles presented testimony and statements in opposition to applicant's proposed increase. In reaching the final conclusion in this order all evidence, testimony, protests and statements have been fully considered.

Results of Operations

A summary of the estimated results of operations for the Needles Electric Division for the year 1955 as presented by the applicant, the staff and the city is shown in the following tabulation:

Needles Electric Department (California Only) Estimated Year 1955

	<u>Applicant</u> <u>Exh.No.4</u>	<u>Staff</u> <u>Exh.No.11</u>	<u>City</u> <u>Exh. No.13</u>
<u>Operating Revenues</u>			
Sales of Electric Energy	\$307,981.77	\$ 317,800	\$336,533.30
Other Electric Revenue	560.00	500	560.00
Total Operating Revenue	<u>308,541.77</u>	<u>318,300</u>	<u>337,093.30</u>
<u>Operating Expenses</u>			
Production	173,045.32	171,200	175,611.50
Transmission	2,900.00	3,000	2,900.00
Distribution	24,500.00	25,900	24,500.00
Cust.Acctg. & Coll.	10,900.00	10,700	9,629.72
Sales Promotion	2,100.00	2,100	2,100.00
Administrative & General	28,882.62	30,940	22,300.00
Wage & Salary Adjustment	2,000.00	-	2,000.00
Subtotal	<u>244,327.94</u>	<u>243,840</u>	<u>239,041.22</u>
Taxes	28,614.04	35,430	44,457.23
Depreciation	28,282.62	28,408	28,282.62
Total Operating Expenses	<u>301,224.60</u>	<u>307,678</u>	<u>311,781.07</u>
Net Revenue	7,317.17	10,622	25,312.23
Rate Base (Depreciated)	825,321.43	810,000	794,393.98
Rate of Return	0.89%	1.31%	3.19%

As may be seen from the above tabulation, the differences between the applicant's and the staff's revenues, expenses and rate base are comparatively minor and within the range of accuracy of independent estimates. The greatest variation is between the applicant's and the city's estimates.

After adjustment is made for the interim increase to the Santa Fe Railway on a full-year basis, the staff's estimate of 1955 rate of return is 1.68 per cent. The City of Needles estimated a 1955 rate of return of 8.37 per cent if electric rates were increased by 27 per cent and that with a 12.3 per cent increase the rate of return would be 5.55 per cent.

Applicant's Exhibit No. 6 showed earnings, as expressed by a rate of return upon a depreciated rate base, for the total system, total California, total Needles Division, and Needles Departments for the year 1954 as follows:

	<u>1954</u> <u>Rate of Return</u>
Total System	- 5.55%
Total California	- 5.39%
Total Division	- 6.56%
Electric Department	9.10%
Gas Department	3.47%
Telephone Department	1.65%

Revenues

The applicant estimated an increase in revenue of 6.16 per cent in 1955 compared to 1954. The staff, with a slightly greater estimated number of commercial customers, showed a 9.53 per cent increase. The city assumed a 16 per cent increase based primarily on the results for the first two months of 1955 compared to the first two months of 1954. Applicant took exception to the validity of an annual estimate predicated on only two months' results, particularly where the greatest demands are yet to occur during the summer months. In rebuttal testimony the applicant showed that for the second two months' results, the actual revenues were \$40,463.49 compared to its estimate of \$40,172.21, or only \$291.28 greater. Applicant's witness stated that he was convinced that his estimate was very close. This difference is less than one per cent and casts doubt on the higher estimate by the city. The staff's figure of \$318,300 appears to be a reasonable amount, and will be used.

Production Expenses

The largest item of expense is purchased power included under the classification of production expense. Applicant estimated that energy cost under its proposed 11-year contract will average 8.8 mills per kwhr at the dam. The staff used an average cost of approximately 8.3 mills based on an interim agreement covering steam replacement energy for the period January 1, 1955 to May 31, 1956. Applicant stated that the higher rates will be effective June 1, 1955, but could not produce a copy of a signed contract at the June 9 hearing. Applicant contended that the staff's production expense based upon the interim agreement was about \$10,000 lower than if computed under the 11-year contract. The city urged the Commission to figure five months at the lower rate when determining the 1955 production expense. Staff counsel urged the Commission to use the interim rate until applicant could produce a signed copy of the contract. On June 22, 1955, applicant informally advised the Commission that signed copies of the new contract would not be available for several days and when it was received it would not take effect until January 1, 1956 and would be for a term of 10 years. While the Commission, for rate-fixing purposes, uses the normal or regular expense expected for near-future operations, and since none of this higher rate will be effective during the year 1955, it is only fair that the interim rate be used for measuring the reasonableness of applicant's requested increase. We will adopt a production expense of \$171,200 for 1955.

Customers' Accounting and Collecting Expenses

The three estimates for customers' accounting and collecting expenses were the same except for the item of uncollectible accounts. Applicant used a ratio of 0.454 per cent for the relationship of uncollectible revenues to gross revenues, the staff used a ratio of 0.472 per cent and the city used 0.16 per cent. The

city based its lower ratio on the fact that for the company as a whole this ratio was 0.24 per cent. In view of the favorable business outlook for 1955 we find merit in the city's position and will reduce the staff estimate by \$500 for this item.

Administrative and General Expenses

The city's estimate of administrative and general expense is \$8,640 less than the staff's due principally to excluding an item of \$8,000 as the average annual cost to compensate the applicant for its legal fees and expenses in seeking a renewal of its Hoover Dam government energy contract. While the city's witness deleted this amount, the official position of the city as expressed by its Mayor and reiterated by a resolution of its City Council, dated June 13, 1955, is that it desires the applicant to continue to seek renewal of its Hoover Dam contract. The city's resolution states that it is the understanding of the City Council that the cost of this action is to be borne by the California-Pacific Utilities Company and not just the Needles Electric Division. Such statement is different than the position taken by the city at the hearing. It is the Commission's understanding that the applicant's position in this regard has not changed. At the hearing the city took the position that this cost should be borne by the stockholders because of the assertedly high past earnings. In our opinion it is only fair that the Needles customers bear this cost as they are the ones to benefit directly if renewal is obtained. Applicant promised to pass on in lower rates any future savings consistent with the level of expenses and a fair return on its investment at the time such lower power costs might be obtained.

Rate Base

The staff's rate base is some \$15,000 lower than applicant's. A substantial portion of this difference is due to a lower allowance for working cash. The city suggested a working cash allowance of

\$5,000 which was \$3,200 less than suggested by the staff. Also, the city eliminated certain contingent items from the applicant's construction budget for 1955 to arrive at a rate base approximately \$31,000 lower than the applicant's. While some of the items eliminated by the city might not be constructed in 1955, the applicant in rebuttal testimony pointed to the need for some leeway where local conditions require the replacement of certain projects by other projects unforeseen at the time the budget was prepared. It appears reasonable to adopt the staff's rate base which is intermediate between the city's and the applicant's rate bases.

Adopted Operating Results

We will adopt as reasonable for purposes of this decision the following operating results for the estimated year 1955 at the present level of electric rates:

Operating Revenue	\$318,300
<u>Expenses</u>	
Production	171,200
Transmission	3,000
Distribution	25,900
Customers Acctg. & Coll.	10,200
Sales Promotion	2,100
Administrative and General	30,900
Subtotal	<u>243,300</u>
Taxes	35,700
Depreciation	28,400
Total Operating Expenses	<u>307,400</u>
Net Revenue	10,900
Rate Base Depreciated	810,000
Rate of Return	1.35%

Rate of Return

The record shows that applicant has financed its investment in properties through the issue of bonds, shares of preferred and common stock and through the reinvestment of retained earnings.

Exhibit No. 5 shows that applicant's capital structure as of December 31, 1954, consisted of the following:

Bonds	\$ 8,925,000	56.20%
Preferred Stock	2,308,760	14.54
Equity Capital	4,647,779	29.26
Total	<u>\$15,881,539</u>	<u>100.00</u>

This exhibit also shows that the effective interest rate on the bonds is 3.73 per cent and on the preferred stock is 5.57 per cent.

When applicant's proposed revenue increase of \$82,162 is applied to the adopted operating results, a rate of return of 5.91 per cent results. After allowing for the annual downward trend in rate of return of 0.16 per cent as shown in staff Exhibit No. 11, a return of 5.75 per cent is indicated. Such a rate of return is lower than has been allowed other electric utilities in the state of comparable size. When consideration is given to applicant's cost of bond and preferred stock money a rate of return of 5.75 per cent should provide approximately 9.7 per cent earning on equity capital. Such earning is not unreasonably high considering the fact that applicant has to attract new capital to finance system growth and provide adequate coverage for bonds and preferred interest and dividends. In the circumstances, we find such return reasonable. The Commission further finds that applicant's requested increase of \$82,162 is justified. ✓

Cost of Service

A cost of service study presented by applicant herein as Exhibit No. 9 yielded unit costs which applicant testified

resulted in the following rates of return by classes under its proposed rate levels:

<u>Schedule</u>	<u>Class</u>	<u>Rate of Return</u>
D-1-N	Domestic	5.58%
L-1-N	Commercial Lighting	15.16
P-1-N	Power	
	Santa Fe Rwy.	(3.17)
	City of Needles	2.58
	All Other	6.01
	Power Total	<u>1.20</u>
P-2-N	Seasonal Power	(2.36)
P-3-N	Agricultural Power	0.60
L-2-N	Street Lighting	(2.30)
	System Total	5.61

(Red Figure)

Applicant did not have the advantage of the cost study when it prepared its proposed rates. While the Commission uses other factors besides cost, such as value of service and rate history, in determining rate levels, certain rate schedules such as the commercial lighting L-1-N and the seasonal power P-2-N are so far above and below the average return that further revision appears warranted.

Rate Revisions

Inasmuch as applicant's tariff schedules have not been generally revised in recent years, and since electric utilities generally now have a service charge form of commercial lighting rate, the Commercial Lighting Schedule L-1-N will be set up as a service charge form of rate and the first two blocks of the proposed rate will be combined into one block of 50 kWhrs.

The City of Needles requested a special schedule for electric heating to help build up the winter season load. The Commission prefers not to establish another seasonal rate but will reduce applicant's proposed terminal rate on the domestic schedule from 1.49 cents per kwhr to 1.4 cents. In view of the relatively

short heating season, this should provide a reasonable annual cost for the air heating type of service.

Rate to Santa Fe Railway

The city contended that the proposed rate to the railway is so low as to be burdensome on the other customers. Applicant's witness testified that the applicant is not losing money on the sales to Santa Fe Railway. He mentioned that the rate must be competitive with the cost at which the railway could produce energy in its own plant.

In view of the peculiar conditions involved in this service we will not by this order further increase the interim rate to the railway but will authorize applicant to negotiate with the railway for as much of the increase between the level of the interim rate and Schedule P-1-N as competitive conditions may warrant. It should be pointed out that the existing 25 per cent increase in the railway's interim rate was arrived at by negotiation between the applicant and the railway. It appears only fair that any further increase in the actual rate should be arrived at by further negotiation. However, in order that the other customers in Needles District will not be burdened we will, for rate-making purposes, compute the revenue as though Schedule P-1-N were being applied. Any new rate arrived at by the parties must be filed with the Commission for its approval.

Rate to City of Needles

The City of Needles obtains service through 10 power meters and 11 lighting meters at various locations which are combined for billing purposes on Schedules P-1-N and L-1-N, respectively. Combination of meter readings on different premises results in a lower overall rate that, on the basis of the cost analysis, indicates a rate of return from the city's power usage below the system average. Applicant proposed to continue such conjunctive billing. We question the need for the applicant to continue this practice inasmuch as a large part of the sales are to the municipal water utility of the city which

should be able to pay its full share of the cost of energy in the future. Such practice, we find to be discriminatory. In any event this practice must be discontinued on the effective date of Schedule L-1-N filed pursuant to the order herein and within two years, for billings under Schedule P-1-N, and said rate schedules authorized herein will so provide. On other utility systems we have provided such a two-year period for this changeover. This will allow the city ample time to adjust its budget requirements for power service. Any increase of rates or increase of rate of return which may result in the future from the discontinuance of conjunctive billing, we hereby find to be justified and reasonable.

It should be noted that for rate-fixing purposes herein the revenues have been computed under Schedule P-1-N with meter readings combined for the City of Needles' power load but under Schedule L-1-N without such combination for the city's lighting load.

Street Lighting Rates

The cost analysis indicated that applicant's proposed street-lighting rates are substantially low. In order that this class of service will not be so burdensome on the other customers we shall authorize a higher level of rates than those proposed by applicant.

Applicant should discuss this matter with the city officials before filing street-lighting rates higher than it proposed. In the Commission's opinion the level of rates authorized represents the minimum level of street-lighting rates that eventually should be established. However, this method is used to give the city time to adjust its budget. For the purpose of this decision the revenues have been computed at the rates herein authorized. Should the utility and the city arrive at a different rate such rate must be filed with the Commission for its approval.

Renewal of Hoover Power Contract

Applicant is seeking renewal of its contract with the Government for purchase of its power requirements at Hoover Dam.

Counsel for applicant stated that in the event applicant establishes its right to renewal of the Hoover contract, it is willing to reduce its rates, commensurate with its then prevailing costs and a fair rate of return, and that it is willing to refund to its customers any damages it finally recovers by reason of the Government's failure to renew the contract on January 1, 1955. Applicant will be required to inform the Commission thereof and to propose a plan for the equitable adjustment of its electric rates and a refund plan, as appropriate.

Quality of Service

Applicant presented Exhibit No. 8 which indicated that the service had relatively few interruptions annually and that the utility received relatively few complaints during the year regarding high or low voltage. Two witnesses, sponsored by the city representatives, testified to a variation in voltage from a low of 92 volts to a high of 135 volts. The city representatives stated that they had personally told the applicant's local manager of these conditions but apparently the applicant did not record such instances as complaints unless they were in writing and signed by the complainant. While all electric systems experience voltage fluctuations with changes in load this testimony indicates such wide swings as to warrant further investigation. The utility apparently has sufficient regulator capacity to compensate for the voltage drop if the distribution wires and transformers are of adequate size. Possibly only readjustment of the regulator controls may be necessary. Applicant will be required to check over its wire sizes and circuit loading and later report on how it plans to remedy this situation.

Conclusion

While the city, in its final statement, urged the Commission to deny this application the facts of record do not support this position. Applicant's power cost is being increased by approximately \$120,000 annually but it is seeking a revenue increase of only two-thirds of this amount. The city contends that past earnings of the electric department have been on the high side and desires that the

cost of seeking renewal of the government energy contract be charged against those past high earnings. There is no question but that the citizens of Needles as well as the applicant have profited in the past by the low cost Hoover Dam energy. However, the earnings from applicant's gas and telephone operations in Needles have been on the low side in the past, so overall, applicant's Needles Division earnings have not been unreasonably high. Under the circumstances it is our conclusion that the applicant's revenue request should be granted in full on the basis of the rate increases prescribed in Appendix A attached hereto.

The spread of the increases by classes being authorized herein is set forth in the table following:

Item	Sales in kwhr	Revenue at Present Rates	Revenue Increase	Percent Increase	Average Revenue per kwhr After Increase
Domestic	5,640,700	\$127,600	\$31,800	24.9%	2.826¢
Commercial Lighting					
City of Needles	185,050	2,887	2,080	72.0	2.684
All Other	3,837,650	98,013	19,850	20.3	3.071
Comml. Ltg Total	4,022,700	100,900	21,930	21.7	3.053
Power					
City of Needles	1,186,000	16,100	5,360	33.3	1.809
Santa Fe Rwy.	3,060,000	26,100	8,690	33.3	1.137
All Other	976,500	27,300	6,840	25.0	3.496
Power Total	5,222,500	69,500	20,890	30.1	1.731
Seasonal Power	1,130,000	15,800	5,260	33.3	1.864
Agricultural Power	12,300	700	190	27.1	7.236
Street Lighting	100,200	3,300	2,270	68.8	5.559
Subtotal	16,128,400	317,800	82,340	25.9	2.481
Other Elec. Revenue		500	-		
Total	16,128,400	318,300	82,340	25.9	

It is apparent that further study of the rate structure by applicant is justified. Applicant should undertake such study in order that the results will be available for use in connection with any future rate proceeding.

Applicant objected to certain statements in the city's Exhibit No. 13 that appeared to be argumentative in nature and to be conclusions that should appear in the city's closing argument. Certain of these ^{statements} ~~objections~~ were stricken at the hearing. Other ^{OK} ~~objections~~ were set forth in a letter from counsel dated June 20, 1955, after the submission of this proceeding. We have considered the request of counsel but do not find it necessary to rule upon such objections for the reason that argument contained in such exhibit has been treated as such by the Commission.

After considering the record herein, it is the Commission's conclusion that an order should be issued increasing the rates in the manner set forth in Appendix A herein, which rates are hereby found to be fair and reasonable for the future.

O R D E R

California-Pacific Utilities Company having applied to this Commission for an order authorizing increases in rates and charges for electric service in Needles and adjacent territory, 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 and charges, in so far as they differ from those herein prescribed, for the future are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED as follows:

(1) Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, revised tariff schedules with rates, charges and conditions as set forth in Appendix A attached hereto, and, after not less than five days' notice to this Commission and to the public, to make said tariff schedules effective for service furnished on and after August 20, 1955.

(2) At the time of making effective the rates authorized by Section (1) hereof, applicant may cancel the existing Schedules D-1-N, P-1-N, P-2-N, P-3-N, P-4-N, L-1-N and L-2-N and transfer the customer to the appropriate new schedules.

(3) Applicant shall, at the time of making the new rates effective, amend or cancel rules and regulations in conflict with the new schedules or provisions thereof.

(4) Applicant shall negotiate with The Atchiston, Topeka and Santa Fe Railway for such additional increases as appear warranted up to but not in excess of the level of rates provided by new Schedule P-1-N.

(5) If applicant's contract with the United States Government for the purchase of Hoover Dam power be renewed, or a new contract negotiated, applicant shall, within thirty days thereafter, file with this Commission a plan for equitable adjustment of its electric rates and a refund plan, as appropriate.

(6) Applicant shall prepare a study and submit a report within sixty days after the effective date of this order concerning its wire sizes and circuit loading and applicant's plans for reduction of voltage fluctuations.

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

Dated at San Francisco, California, this 26th day of July, 1955.

Paul T. ... President.
...
...
... Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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SCHEDULE D-1-N

DOMESTIC SERVICE

APPLICABILITY

Applicable to domestic service for lighting, heating, cooking, and power, or combination thereof, in single family dwellings, flats, and apartments, separately metered by the Company.

TERRITORY

Within the entire territory of the Needles District.

RATE

Service Charge: per meter per month 75¢

Energy Charge (to be added to service charge):

First	40 kwhr per meter per month	5.5¢ per kwhr
Next	60 kwhr per meter per month	4.5¢ per kwhr
Next	100 kwhr per meter per month	3.3¢ per kwhr
	All excess kwhr per meter per month	1.4¢ per kwhr

Minimum Charge:

The monthly minimum charge shall be the monthly service charge.

SPECIAL CONDITIONS

- (a) Single phase motors aggregating not more than 3 horsepower may be served on this schedule.

SCHEDULE I-1-NCOMMERCIAL LIGHTING SERVICEAPPLICABILITY

Applicable to commercial lighting and small power service.

TERRITORY

Within the entire territory of the Needles District.

RATE

Service Charge: per meter per month 75¢

Energy Charge (to be added to service charge):

First 50 kwhr per meter per month	5.5¢ per kwhr
Next 150 kwhr per meter per month	5.2¢ per kwhr
Next 200 kwhr per meter per month	4.6¢ per kwhr
Next 600 kwhr per meter per month	3.8¢ per kwhr
Next 1,000 kwhr per meter per month	2.7¢ per kwhr
All excess kwhr per meter per month	1.6¢ per kwhr

Minimum Charge:

The monthly minimum charge shall be the monthly service charge.

SPECIAL CONDITIONS

Single phase motors aggregating not more than 5 horsepower may be served on this schedule.

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SCHEDULE IS-N

LIGHTING - STREET AND HIGHWAY

APPLICABILITY

Applicable to service for series street lighting installations where (1) the Company owns and maintains the entire equipment; and (2) the City owns and maintains ornamental posts and fixtures, and the Company owns and maintains the underground service thereto.

TERRITORY

Within the entire territory of the Needles District.

RATE

(A) Company Owned:

<u>Bracket or Suspension Type on Wood Poles:</u>	<u>RATE PER LAMP PER MONTH</u> <u>ALL NIGHT SERVICE</u>
1,000 Lumens Incandescent	\$1.83
2,500 Lumens Incandescent	2.80
4,000 Lumens Incandescent	3.41
6,000 Lumens Incandescent	4.01
20,000 Lumens Mercury Vapor	9.56
<u>Ornamental Type on Aluminum Alley Poles:</u>	
15,000 Lumens Mercury Vapor	10.00

(B) City Owned:

Ornamental Posts:

2,500 Lumens Incandescent	1.70
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SPECIAL CONDITIONS

- (a) Lights will be turned on and off once each night in accordance with a standard burning schedule of 4,000 hours per year.

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SCHEDULE P-1-N

POWER - GENERAL

APPLICABILITY

Applicable to general power service.

TERRITORY

Within the entire territory of the Needles District.

RATE

Horsepower of Connected Load	ENERGY CHARGE (Cents per kwhr)			
	First 50 kwhr per hp per month	Next 50 kwhr per hp per month	Next 150 kwhr per hp per month	All excess kwhr per hp per month
2- 9.99	6.08	3.83	2.70	1.91
10- 24.99	5.06	3.26	2.14	1.58
25- 49.99	4.50	3.15	2.03	1.46
50- 99.99	3.94	2.93	1.91	1.46
100-149.99	3.38	2.81	1.80	1.40
150-199.99	3.09	2.25	1.58	1.29
200-499.99	3.00	1.80	1.49	1.20
500-799.99	2.76	1.61	1.33	1.08
800 and Over	2.40	1.49	1.00	.80

Minimum Charge:

\$1.70 per horsepower of connected load per month, but not less than \$3.40 per month.

SPECIAL CONDITIONS

- (a) Voltage. This schedule of rates will apply to service rendered at any standard voltage in accordance with the Rules and Regulations of the Company. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the Company.
- (b) Primary Voltage Discount. When delivery hereunder is made at the same voltage as that of the distribution line from which the service is supplied, a discount of 4% for 11 kv. or higher available line voltages and 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.
- (c) Measured Maximum Demand. 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 50% of the connected load, and the minimum charge will not be less than \$63.00 per month.

(Continued)

SCHEDULE P-1-NPOWER - GENERAL (CONTINUED)SPECIAL CONDITIONS (Cont'd.)

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 for installations of 750 horsepower or less, and a 30-minute interval for installations of a larger size; 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 five minute interval instead of a fifteen or thirty minute interval.

- (d) Optional Rate for Larger Installations. Any consumer may obtain the rates and conditions of service for a larger installation by guaranteeing the rates and minimum charges under this schedule.
- (e) Rectifier, Heating and Cooking Service. Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower. Connected load will be taken as the nameplate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt, and in no case less than 2 kilowatts. All equipment assumed as operating at 100% power factor.
- (f) Power Factor Clause. Where consumers have a total connected load of 50 horsepower 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-hrs. to the monthly kw-hrs. 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.

- (g) Conjunctive Billing.

The combining of meter readings for billing purposes is not permitted under this schedule, except for energy delivered to the City of Needles prior to September 1, 1957.

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SCHEDULE F-2-N

POWER - SEASONAL

APPLICABILITY

Applicable to all commercial and seasonal power consumers located on the Company's existing three phase power lines having a total connected load equivalent to 2 horsepower or more, used for air-conditioning purposes from May 1 to October 31, inclusive.

TERRITORY

Within the entire territory of the Needles District.

RATE

ENERGY CHARGE
(Cents per kwhr)

Horsepower of Connected Load	First 60 kwhr per hp per month	Next 60 kwhr per hp per month	Next 80 kwhr per hp per month	All excess kwhr per hp per month
2 to 9.99	3.60	2.40	1.80	1.20
10 to 24.99	3.48	2.28	1.68	1.08
25 and Over	3.36	2.16	1.56	.96

Minimum Charge:

\$1.80 per horsepower of connected load per month, but not less than \$9.00 per month. The minimum charge may, at the option of the consumer, be made accumulative over the six months' period covered by this rate.

SPECIAL CONDITIONS

- (a) Voltage. This schedule of rates will apply to service rendered at any standard voltage in accordance with the Rules and Regulations of the Company. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the Company.
- (b) Measured Maximum Demand. 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 50% of the connected load, and the minimum charge will not be less than \$67.00 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 for installations of 750 horsepower or less, and a 30-minute interval for installations of larger size; 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.

(Continued)

SCHEDULE P-2-N
POWER - SEASONAL (CONTINUED)SPECIAL CONDITIONS (Cont'd.)

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 five-minute interval instead of a fifteen or thirty minute interval.

- (c) Optional Rate for Larger Installations. 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.
- (d) Power Factor Clause. Where consumers have a total connected load of 50 horsepower 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-hrs. to the monthly kw-hrs. 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.

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SCHEDULE PA-N

POWER - AGRICULTURAL IRRIGATION

APPLICABILITY

This schedule is applicable to installation of 2 horsepower or more for pumping water for irrigation purposes.

TERRITORY

Within the entire territory of the Needles District.

RATE

Horsepower of Connected Load	MINIMUM CHARGE \$ per hp per year	ENERGY CHARGE (Cents per kwhr)		
		First 1,000 kwhr per hp per year	Next 1,000 kwhr per hp per year	All excess kwhr per hp per year
2 to 4.99	15.24	5.1	2.5	1.9
5 to 14.99	13.72	4.4	2.3	1.8
15 to 49.99	12.19	3.8	2.0	1.7
50 and Over	10.67	3.6	1.9	1.5

SPECIAL CONDITIONS

- (a) Voltage. Service will be rendered at 220 or 440 volts, 3-phase; 60 cycles, and energy will be metered on the low voltage side of the transformers.
- (b) Minimum. The annual minimum will be payable in twelve equal installments, starting with the first month of the service year, and will be accumulative over the service year. The minimum charge will be based on the largest load that may be connected at any one time.
- (c) Service Year. The service year shall be the 12-month period, starting with the date on which service is first rendered.
- (d) Contracts. The Company may require a contract for service under this schedule for a period of not to exceed three years when service is first rendered and thereafter from year to year.
- (e) Guaranteeing Rates for Large Size Installation. Any customer may obtain the rate for a larger installation by guaranteeing the rates and minimum charge for that larger installation.
- (f) Change in Connected Load. Customers permanently increasing or decreasing their connected load will have their bills adjusted by having the minimum and the steps of the rate prorated on the basis of the ratio which the months prior to and after the change bear to twelve.

APPENDIX B

LIST OF APPEARANCES

For Applicant: Orrick, Dahlquist, Harrington & Sutcliffe by Warren A. Palmer.

Interested Parties: San Bernardino Sun by Louise T. Corey.

Protestants: City of Needles by Winston A. Gilchrist, Paul A. Fowler, Joe McIntyre, William A. Claypool, III and H. L. Smith; A community group by Huey M. O'Dell;

Brotherhood of Locomotive, Firemen & Engineers by Revis Hall;

In propria Persona: James L. Lucas,
K. Wendell Sneed.

For the Commission Staff: Boris H. Lakusta and Carol T. Coffey.

LIST OF WITNESSES

Evidence was presented on behalf of the applicant by Elmer Kine, D. J. Ley, Lloyd E. Cooper and Earl M. Kennard,

Evidence was presented on behalf of the protestants and interested parties by William Claypool, Joe McIntyre, H. L. Smith, Harold T. Timmons, Alfred A. Paggi,

Evidence was presented on behalf of the Commission Staff by George C. Doran, Harold T. Sipe and Park L. Boneysteele.