

Decision No. 54930**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA ELECTRIC)
 POWER COMPANY, pursuant to its Rule)
 and Regulation No. 15(K) for a)
 special ruling authorizing a line)
 extension into the Barton Flats) Application No. 38887
 area without the deposit of funds)
 called for by its Rule and Regulation)
 No. 15(A) and (B).)

OPINION AND ORDER

By the above-entitled application, filed March 7, 1957, California Electric Power Company requests authority to construct certain electric line extensions under conditions which differ from its filed Rule No. 15, Line Extensions. The proposed extensions are into and within the Barton Flats area, a portion of the Forest Home Mountain Resort area in San Bernardino County, and are estimated by applicant to cost \$81,368 for approximately 7.6 miles of 12 kv line.

Barton Flats is a mountain resort area within the San Bernardino National Forest north and east of the City of Redlands. At the present time the United States Forest Service restricts the Barton Flats area to Organizational Camps and residential cabins, no commercial business being permitted. The electric service requirements of this area are highly seasonal. Fourteen Organizational Camps consisting of six Y.M.C.A., two Boy Scout, three Girl Scout, one Boys' Club and two Church Camps have expressed their desire to take service from applicant under the conditions hereinafter set forth.

Service Under Filed Line Extension Rule

Applicant's Exhibit A shows that to serve the 14 organizational camps under its filed line extension rule would require a

deposit by the camps of \$12,410 in advance of construction, which amount, when related to the estimated annual revenue of \$5,500 to be received under presently filed tariffs, indicates a cost to revenue ratio of 12.5 to 1.

Applicant alleges that to render service on the aforesaid basis would require it to operate in said area at a loss of some \$4,301 annually, before income taxes and return, as shown by Exhibit B. Because of this applicant found it necessary to invoke Section K of Rule 15,^{1/} and request large cash advance deposits approximating \$55,000. The organizational camps found such deposits prohibitive and suggested a guaranteed annual minimum revenue sufficient for the utility to render service on a profitable basis.

Service Under Proposed Schedule E-2

By this filing applicant proposes to make the Barton Flats extension without deposits by the camps but on the basis of Schedule E-2, Extension Service, attached to the application as Exhibit F, and requests, pursuant to Rule 15(K) an ex parte ruling granting authorization for said construction without deposit.

Schedule E-2 provides for application of the filed rates now effective for the area, which is within Rate Zone M, but provides further that the total annual minimum revenue required from all the organizational camps will be 19.04% of the total estimated plant investment within the designated area, such annual minima to be

1/ (K) Exceptional Cases:

In unusual circumstances, when the application of these rules appears impracticable or unjust to either party, the Company and the applicant may agree upon terms mutually satisfactory, and in case of failure of such agreement, either the Company or the applicant may refer the matter to the Public Utilities Commission for special ruling.

allocated among the individual camps on the basis of each camp's connected load at the time application is made for service. To qualify for the extension of distribution lines into the Barton Flats area all 14 camps must have signed contracts for such service, guaranteeing payment of the annual minimum charge for a term of 10 years. Exhibit G, attached to the application, is a copy of the proposed contract.

Provision is made in Schedule E-2 that when the total annual revenue from all service rendered in the Barton Flats area exceeds 33-1/3% of the total actual plant investment herein contemplated, the schedule shall automatically terminate and minimum charges shall be calculated under the then regularly effective schedules applicable in Rate Zone M. Adjustments in annual minimum charge requirements is provided for when new camps are connected from subsequent extensions.

Exhibit C, attached to the application, lists the 14 organizational camps to be served, together with their present load and the guaranteed annual minimum revenue to be received from each camp, while Exhibit I consists of photostatic copies of letters from each of the camps, accepting the terms of the proposed method for bringing electric service into the Barton Flats area. Exhibit D shows the location of the area to be served under the proposed Schedule E-2, the general location of camps in the area, and the lines to serve said camps. There are some 139 residential cabins and one Forest Ranger Station in the Barton Flats area and applicant proposes to serve such cabins under provisions of Sections A and B of the Line Extension Rule and not under Schedule E-2. These cabins are generally in close proximity to the proposed line extension and will require only service drops or short extensions to serve those that desire electric service. None of the 14 organizational camps object to this proposal to serve residential cabins.

Exhibit E to the application develops an estimated rate of return on the Barton Flats extension under the proposed Schedule E-2 and indicates that on the basis of estimated actual sales to the camps for the first year a return of 4.2% would result from the plant investment of \$81,368. Based on estimated sales equivalent to the annual minimum charge of \$15,500 a return of 1.8% is indicated. Applicant states that the proposal for furnishing service, herein submitted, will yield sufficient revenue so as not to be a burden on other ratepayers.

Applicant states that negotiations looking toward the establishment of electric service for the organizational camps have been carried on over a period of some 10 years, being deterred by the highly seasonal nature of the load and the mountainous terrain through which the line extension must be built. Fourteen of the seventeen organizational camps in the area have agreed to take service under the conditions set forth above, and applicant is of the opinion that the proposed guaranteed minimum charge is a sound and equitable method for serving the camps.

Applicant's proposal appears to present a practicable means of providing electric service to prospective customers in the Barton Flats area. Applicant's request will be granted, subject to the provision that construction and operation of the extension will not be permitted to burden or prejudice other customers of applicant.

The Commission having considered the request of applicant and being of the opinion that the charges, rates, terms and conditions of proposed Schedule E-2 are just and reasonable, and that the application should be granted subject to certain conditions, and that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that California Electric Power Company is authorized to construct electric line extensions into and within the Barton Flats area in San Bernardino County, California, as more fully delineated in Exhibit D attached to the application, under the special guaranteed annual minimum charges as set forth in Exhibit C herein, subject to the following conditions, unless and until modified by further order of this Commission:

1. Within 30 days after the effective date hereof, applicant shall file as a part of its tariff schedules and make effective on neither less than 5, nor more than 30 days' notice, (1) a tariff schedule E-2 substantially as shown in its Exhibit F attached to the application, and (2) the contract form to be used to guarantee payment of minimum charges by customers substantially as shown in its Exhibit G.
2. Applicant shall establish such subsidiary accounts as may be necessary and on or about March 15th of each year during the term of the contract, following the start of construction of the line extensions, shall submit to the Commission the following information:
 - a. The number of customers at the end of the prior year segregated between organizational camps and residential, the amount of energy delivered, the line footage constructed during the year and in service at the end of the year.
 - b. The amount of electric plant, by primary plant accounts, in service as of the end of the year.
 - c. A statement of estimated rate of return substantially in the form of Exhibit E attached to the application.

IT IS FURTHER ORDERED that if California Electric Power Company has not constructed any portion of the line extension herein

authorized by December 31, 1958, the authority herein granted will expire on said date.

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

Dated at Los Angeles, California, this 30th day of APRIL 1957.

E. W. Schell
President

Paul W. ...

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R. ...

E. ...
Commissioners