

# ORIGINAL

Decision No. 59549

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 WHITE MOUNTAIN POWER COOPERATIVE, INC.,  
 for a certificate of public convenience  
 and necessity to construct an electric  
 transmission and distribution system  
 and sell electrical energy to its members;  
 for authority to issue membership certifi-  
 cates and for approval of incurring  
 indebtedness, and for approval of rates  
 and tariff regulations.

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Application No. 41420  
 (Amended)

Gordon Cologne, for applicant.  
Boyd A. Taylor, for County of Inyo and W. W. Miller,  
 for California Electric Power Company,  
 interested parties.  
L. S. Patterson, for the Commission staff.

### O P I N I O N

#### Application

On August 24, 1959, White Mountain Power Cooperative, Inc., filed an application wherein it requested a certificate of public convenience and necessity to construct an electrical transmission and distribution system in Inyo and Mono Counties; an order authorizing the applicant to accept applications for membership and to issue membership certificates; an order authorizing the execution of a promissory note in favor of the United States of America through the Rural Electrification Administration and the execution of a mortgage securing such note; and an order authorizing certain rates to be charged for electricity. An amendment to the application was filed on October 23, 1959 and the application was also amended at the time of the hearing in this matter so as to specifically request a certificate of public convenience and necessity to exercise franchises that have been granted to the applicant by the Counties of Inyo and Mono.

Hearing

A public hearing was held on this application on October 27, 1959 at Bishop before Examiner William L. Cole. The matter was submitted subject to the filing of late-filed exhibits and briefs. The late-filed exhibits and the applicant's brief have been filed and the matter is ready for decision.

Applicant

The applicant is a nonprofit cooperative organized under the laws of the State of Nevada but has qualified to do business in California. Applicant's principal operation will be located in Nevada.

Applicant's Articles of Incorporation do not contemplate the issuance of stock but do provide for the issuance of membership certificates. Under its bylaws any person, firm or corporation may become a member by paying a membership fee of \$10.00, agreeing to purchase electric energy and upon acceptance for membership. It is to be noted that it is the Commission's opinion that such membership certificates constitute evidences of interest or ownership within the meaning of Sections 816-828 of the Public Utilities Code.

At the time of the hearing in this matter, the applicant had approved 49 applications for memberships, including five applications for memberships from residents of California.

This applicant comes within the exception authorizing foreign corporations to engage in intrastate commerce of a like character as the interstate commerce in which it is engaged.

Physical System

The applicant's proposed transmission and distribution system will be located in Esmeralda County, Nevada and Mono and Inyo Counties in California. A detailed description of applicant's proposed service area and a map showing this area were admitted into evidence as Exhibits P and E, respectively.

The proposed construction will consist of 104 miles of overhead line, of which 18 miles will be 55 kv transmission line and 86 miles will be distribution line. The applicant proposes to install approximately six miles of electric line within the State of California.

The applicant has entered into a contract with the California Electric Power Company whereby the applicant will purchase the electric energy it resells or uses from this other utility. This power will be purchased at a point in Nevada near Oasis, California, and with respect to applicant's California members will be transported into California over the applicant's lines.

#### Finances

The total cost of the transmission facilities proposed to be constructed by the applicant is estimated to be \$127,300 and the total cost of distribution facilities, including a 3,000 kva distribution substation and transformers and services for 143 customers, is estimated to be \$401,200. The total of other costs, including general plant equipment, legal fees and working capital, is estimated to be \$36,500, making a grand total of \$565,000. The cost of the construction in California is estimated to be \$19,803.

Applicant intends to borrow a total of \$565,000 from the United States of America through its Rural Electrification Administration to finance its proposed construction in both California and Nevada. Applicant intends to execute a mortgage note in the amount of \$27,000 covering the construction costs for the construction in California and has executed a mortgage note for the balance covering the construction costs of the construction in Nevada. Both of these notes bear interest at the rate of 2% per annum, payable over a period of 35 years. Both of these notes are secured by a single mortgage and deed of trust that has been executed. This deed of trust creates

a lien on all of the applicant's property located in both California and Nevada. The mortgage and deed of trust provides that all notes shall be equally and ratably secured thereby.

The applicant in its application has requested authority only to issue the note for \$27,000 and the mortgage and deed of trust. This authority will be granted. However, the Commission wishes to put the applicant on notice that a public utility subject to its jurisdiction must obtain authorization from this Commission before executing an encumbrance of its utility property or issuing any evidence of indebtedness which is payable at periods of more than 12 months after the date thereof. Any such encumbrance or evidence of indebtedness executed or issued without prior authorization of this Commission is void.

It is to be noted, however, that the authorization hereinafter granted in connection with the loan in question is not to be construed as authorizing applicant to enter into or carry out the terms of any provision in a manner which may conflict with the regulatory jurisdiction of this Commission or the duties and obligations of a public utility under California law.

Applicant's estimate of annual revenues and expenses may be summarized as follows:

Revenues from Sales to 143 Customers	\$194,759
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Expenses

Purchased Power	132,703
Manager-Lineman, Bookkeeper, Groundman	9,600
Additional Operation and Maintenance Costs	1,800
Transmission Expenses	2,510
General Expenses	1,000
Taxes	4,500
Depreciation	5,065
Miscellaneous Expenses	1,000
Debt Repayment and Interest	<u>23,165</u>

Total Expenses	\$181,343
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Margin of Receipts over Expenditures	13,416
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It is to be noted that the witness for the Commission staff testified at the hearing in this matter, and the applicant conceded, that the figure set out above for depreciation expense is approximately one-third of the figure that would be reasonable under the circumstances.

#### Rates

Applicant's proposed rates are set forth in Exhibit K. The Commission staff has recommended a number of modifications to these rates. The applicant accepted all of these modifications at the hearing. The proposed rates with the modifications are set forth in Appendix A which is attached hereto and hereby made a part hereof. The applicant will be authorized to adopt the rates set forth in the appendix.

It should be noted that under the Public Utilities Code a utility may neither make changes in its filed tariff schedules which result in an increase, nor deviate therefrom, without first obtaining the authority of this Commission.

#### Public Convenience and Necessity

The testimony of various witnesses shows that the only electricity now available is that which is generated by private generating plants and that this is inadequate to serve the needs of the residents in this area. There is no question that public convenience and necessity require the construction of applicant's proposed system.

#### Franchise

The applicant has acquired franchises from the Counties of Inyo and Mono, covering the respective portions of its service area lying within these counties. These franchises authorize applicant to construct electric transmission and distribution systems and lines across and along all public roads located within the area covered by the franchises. In return for such authority the

applicant must pay annually 2% of its gross receipts arising from the use, operation or possession of the franchises. The applicant is requesting a certificate of public convenience and necessity to exercise these franchises.

Findings and Conclusions

Based upon all of the evidence of record, the Commission makes the following findings and conclusions:

1. That public convenience and necessity require the issuance to the applicant of a certificate to construct and operate an electrical transmission and distribution system in the area specified in Exhibit P.

2. That public convenience and necessity require the issuance to the applicant of a certificate to exercise the franchises granted to it by the Counties of Inyo and Mono.

3. That the applicant be authorized to issue membership certificates and to execute the loans, mortgages and deeds of trust, and loan contract hereinabove referred to, and that the money, property or labor to be procured or paid for by the issue of such certificates and notes is reasonably required for the purposes specified and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

4. That the rates set out in Appendix A are not unreasonable and may be adopted by the applicant.

The certificates of public convenience and necessity hereinafter granted are subject to the following provision of law:

That the Commission shall have no power to authorize the capitalization of these certificates of public convenience and necessity or the right to own, operate, or enjoy any such franchises or certificates of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State or a political subdivision thereof as the consideration for the issuance of such certificates of public convenience and necessity or right.

At the time of the hearing in this matter, the Commission staff made certain recommendations. These recommendations will be adopted by the Commission in the following order.

O R D E R

Public hearing having been held in the above proceeding, the matter having been submitted, and now being ready for decision,

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to White Mountain Power Cooperative, Inc., authorizing the construction and operation of a public utility electric transmission and distribution system in those portions of Inyo and Mono Counties delineated as the requested service area of the applicant in Exhibit P.

2. A certificate of public convenience and necessity is granted to White Mountain Power Cooperative, Inc., to exercise the rights, privileges and franchises granted by Ordinance No. 282 of the County of Mono and Ordinance No. 74 of the County of Inyo, within the areas specified in those ordinances.

3. Applicant may enter into a loan contract in substantially the same form as set forth in Exhibit G, may execute a mortgage and deed of trust in substantially the same form as set forth in Exhibit H, and may issue its mortgage note in the aggregate principal amount of not to exceed \$27,000, provided that such authorization does not constitute approval or authorization to enter into or carry out the terms of any provision in any manner which may conflict with the regulatory jurisdiction of this Commission or the duties and obligations of a public utility under California law. The applicant shall use the proceeds to be received through the issue of such notes for the purposes set forth in the application.

4. The authority hereinabove granted by ordering paragraph 2 shall become effective upon the effective date of this order or upon the payment of the fee prescribed by Section 1904 (b) of the Public Utilities Code, whichever date is later. The amount of such fee is \$27.

5. The applicant may issue membership certificates upon the payment of \$10 for each membership certificate.

6. The certificates hereinabove granted shall expire unless the applicant starts the construction of its facilities within two years.

7. The applicant shall not exercise franchises herein granted for the purpose of supplying electric energy in those parts or portions of Inyo and Mono Counties not herein granted, and the Commission may hereafter, by appropriate proceeding and order, limit the authority herein granted to the applicant as to any territory within said counties not then being served by it. The applicant shall not extend its facilities beyond its certificated area or into territory then served by any other electric utility unless it is first authorized to do so by Commission order.

8. The applicant is authorized to adopt rates as set forth in Appendix A to this decision.

9. The applicant shall file with the Commission in accordance with the provisions of General Order No. 96, the rate schedules as set forth in Appendix A attached hereto at least thirty days prior to serving its first customer and such filing shall be submitted to the Commission staff in proposed form for review, not less than thirty days prior to the making of the filing.



10. Within ninety days after the effective date of this order, applicant shall file with this Commission in accordance with the provisions of General Order No. 96 appropriate rules governing operating conditions and customer relations, an acceptable service area map, title sheet, preliminary statement, and copies of forms normally used in connection with customers' services. Such rules and other items mentioned above shall become effective upon five days notice to the public and to the Commission after filing as hereinabove provided.

11. All of the applicant's lines in California shall be constructed in accordance with this Commission's General Order No. 95, "Rules for Overhead Electric Line Construction", and 52, "Construction and Operation of Power and Communication Lines for the Prevention and Mitigation of Inductive Interference".

12. A copy of applicant's construction plans and specifications shall be filed with this Commission within thirty days after the effective date of this decision.

13. Applicant shall base the accruals for depreciation upon spreading the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property. The applicant shall review the accruals as of January 1st of the year following the date service is first rendered to the public, and thereafter, when major changes in plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

14. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable is made a part of this order.

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

Dated at San Francisco, California, this 26th day of January, 1960.

Ernest R. Roy  
 President

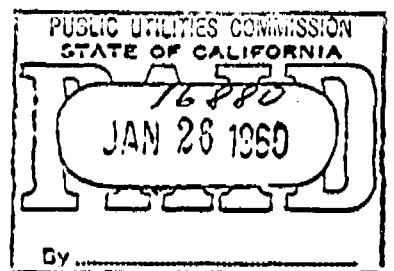
Ed. E. Mitchell

E. L. Fox

Theodore J. J. J. J.

Commissioners

Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.



APPENDIX A  
Page 1 of 7

Schedule A-1

GENERAL SERVICE

APPLICABILITY

This schedule is applicable to commercial, industrial, and farm service uses, including lighting, heating and power.

TERRITORY

Within the entire territory served in California.

RATE

Demand Charge:

First 10 kw of billing demand per month	No charge
All excess of kw of billing demand per month	\$1.50 per kw

Energy Charge (to be added to demand charge):

First 50 kwhr per meter per month	12.0¢	per kwhr
Next 50 kwhr per meter per month	8.0¢	per kwhr
Next 1900 kwhr per meter per month	3.0¢	per kwhr
Over 2000 kwhr per meter per month	2.5¢	per kwhr

Minimum Charge:

The minimum monthly charge under the above rate shall be \$10.00 where 5 kva or less of transformer capacity is required. For consumers requiring more than 5 kva of transformer capacity the minimum monthly charge shall be increased by 75¢ for each additional kva or fraction thereof.

RULES

This schedule is subject to the Rules and to the Special Conditions following:

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Schedule A-1

GENERAL SERVICE (Cont'd.)

SPECIAL CONDITIONS

- (a) Character of Service. Single-phase and three-phase, 60 cycle service will be furnished at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase.
- (b) Billing Demand. The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter.
- (c) Seasonal Service. Consumers requiring service only during certain seasons not exceeding nine (9) months per year may guarantee a minimum annual charge, in which case there shall be no minimum monthly charge. The minimum annual charge shall be equal to twelve (12) times the minimum monthly charge determined in accordance with the foregoing rates.
- (d) Voltage Discount. If service is furnished at primary distribution voltage, a discount of 7% shall apply to the demand and energy charges, and if the minimum charge is based on transformer capacity, a discount of 7% shall also apply to the minimum charge of 75¢ per kva. However, service may be metered at a secondary voltage and adjusted to primary metering by adding the estimated transformer losses to the metered kilowatt-hours and kilowatt demand.
- (e) Power Factor Adjustment. For any customer whose demand exceeds 50 kw for three consecutive months, a reactive kilovolt-ampere demand meter will be installed as soon as practicable. Thereafter, until the billing demand has been less than 40 kw for 12 consecutive months, the billing charge will be adjusted each month for power factor, as follows:

The monthly charges will be decreased by 9¢ for each kilowatt of measured maximum demand and increased by 15¢ for each kilovar of reactive demand. In no case will the kilovars used for the adjustment be less than 40% of the number of kws. The power factor

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Schedule A-1

GENERAL SERVICE (Cont'd.)

SPECIAL CONDITIONS (Cont'd.)

adjustment for the billing month will in no case be less than 75% of the maximum additional monthly charge established in the preceding 11 months.

Demand in kws and reactive demand in kvars shall be calculated to the nearest one-tenth (0.1 unit). A ratchet device will be installed in the reactive demand meter to prevent its reverse operation on leading power factor.

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Schedule A-2

GENERAL SERVICE - SCHOOLS, CHURCHES, AND COMMUNITY HALLS

APPLICABILITY

This schedule is applicable for service to small schools, churches and community halls subject to the special conditions below.

TERRITORY

Within the entire territory served in California.

RATE

First	50 kwhr per meter per month	12.0¢ per kwhr
Next	50 kwhr per meter per month	8.0¢ per kwhr
Next	900 kwhr per meter per month	3.0¢ per kwhr
Over	1,000 kwhr per meter per month	2.0¢ per kwhr

Minimum Charge:

The minimum charge under the above rate shall be \$60.00 per year. Bills for actual usage shall be rendered each month during which energy is used without regard to any monthly minimum charge. If at the end of twelve months the total charges are less than the minimum annual charge, a charge for the difference shall be added to the bill for the twelfth month.

RULES

This schedule is subject to the Rules and to the Special Conditions following:

SPECIAL CONDITIONS

- (a) Service under this schedule shall be single-phase, 60 cycles, at available secondary voltages and is available where the required transformer capacity is not in excess of 5 kva. Where more than 5 kva in transformer capacity is required service will be furnished under Schedule A-1.

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Schedule D

FARM AND DOMESTIC SERVICE

APPLICABILITY

This schedule is applicable for all single-phase farm and domestic uses.

TERRITORY

Within the entire territory served in California.

RATE

First 50 kwhr per meter per month	12.0¢ per kwhr
Next 50 kwhr per meter per month	8.0¢ per kwhr
Next 100 kwhr per meter per month	3.0¢ per kwhr
Over 200 kwhr per meter per month	2.0¢ per kwhr *

\*Where the customer has an electric water heating installation conforming to Special Condition (b), the rate for monthly usage between 200 kwhr and 500 kwhr is 1.6¢ per kwhr.

Minimum Charge:

The minimum monthly charge under the above rate shall be \$10.00 where 5 kva or less of transformer capacity is required. For customers requiring more than 5 kva of transformer capacity the minimum monthly charge shall be increased at the rate of 75¢ for each additional kva or fraction thereof required. Payment of the minimum charge shall entitle the customer in all cases to the use of the number of kilowatt-hours corresponding to the minimum charge in accordance with the foregoing rate.

RULES

This schedule is subject to the Rules and to the Special Conditions following:

Schedule D

FARM AND DOMESTIC SERVICE (Cont'd.)

SPECIAL CONDITIONS

- (a) Character of Service. Single-phase, 60 cycle service will be furnished at available secondary voltages. The rated capacity of any motor served under this schedule shall not exceed ten (10) horsepower.
- (b) Water Heaters. To qualify for the water-heating rate of 1.6¢ per kwhr the following conditions must be met:
  1. The consumer shall install and operate in regular use a standard approved storage type of electric water heater and shall have no non-electric household water heating device in use during any part of the year (such as heating coils in a fuel burning range or furnace).
  2. The standard approved type of water heater shall consist of an insulated tank of 30 or more gallons capacity, which has two thermostatically controlled, non-inductive heating elements of 20 watts per gallon of tank capacity in the lower element and 30 watts per gallon of tank capacity in the upper element, rounded off to the nearest commercial sizes of elements. The thermostats shall be so arranged to allow only one element to operate at a time. The lower element shall be placed to heat the whole tank and the upper element to heat only the upper part of the tank. The entire installation shall be subject to the approval of the cooperative including the wiring, tank size, tank insulation and capacity in watts of the heating elements.
  3. Provision shall be made in the consumer's water heater wiring installation for an automatic control device which the cooperative may install at its discretion.



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Schedule PA  
IRRIGATION SERVICE

APPLICABILITY

This schedule is applicable for service to irrigation pumps.

TERRITORY

Within the entire territory served in California.

RATE

Service Charge:

For each horsepower of connected load per year \$6.00 per hp

Energy Charge (to be added to service charge):

First 1000 kwhr per hp	2.1¢ per kwhr
All excess kwhr	1.8¢ per kwhr

Minimum Annual Charge:

The minimum annual charge under the above rate shall be \$6.00 per horsepower but in no case less than \$150.00. The minimum charge shall be due and payable in three equal monthly installments on the bills for the first three (3) months of the irrigation season whether or not service is actually used.

RULES

This schedule is subject to the Rules and to the Special Conditions following:

SPECIAL CONDITIONS

- (a) Character of Service. Three-phase or single-phase 60 cycle service will be furnished at available secondary voltages.
- (b) Determination of Connected Load. The horsepower for billing purposes shall be the motor manufacturer's nameplate rating of horsepower output, except that if the cooperative so elects it shall be determined by actual measurements of power input during a period of maximum normal use, less an allowance of ten (10) percent of input for motor losses.
- (c) Power Factor. Customers with 50 horsepower or more of connected load may be required to install compensating equipment so as to reduce the reactive demand to sixty (60) percent or less of the kilowatt demand as determined by test.