

ORIGINAL

Decision No. 64264

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 author-
 ity to increase its rates for electric
 service furnished to Weaverville,
 Trinity County, California, and adja-
 cent area.

)
 Application No. 43942
 (Filed November 20, 1961)

Orrick, Dahlquist, Herrington & Sutcliffe, by
Warren A. Palmer, for applicant.

Donald R. Kennedy, District Attorney of Trinity
 County, for Trinity County, interested party.

William R. Roche, William V. Caveney, and
H. Casteel, for the Commission staff.

O P I N I O N

Applicant's Request

California-Pacific Utilities Company requests authority to increase rates for electric service in Weaverville and adjacent area in Trinity County so as to yield additional annual gross revenue of \$20,400 at the 1961 level of business. By a concurrent filing also made on November 20, 1961, applicant requests authority to increase water rates for service in the same area so as to yield additional annual gross revenue of \$21,550.

Public Hearing

After due notice, public hearing on the two applications on a consolidated record was held before Examiner Leonard S. Patterson on February 27 and 28, 1962 at Weaverville and on May 2, 1962 at San Francisco. Both matters were submitted at the close of the hearing on May 2. Separate orders will be issued in the respective applications.

Applicant's Operations

Applicant, a California corporation, owns and operates public utility electric, gas, water and telephone systems in 86 widely scattered communities in the states of California, Oregon, Nevada, Utah, Idaho, Wyoming and Arizona. Its principal office is located in San Francisco. For accounting and administrative purposes, the operations of the company are divided into eleven divisions, one of which is Weaverville. In this division, which comprises the unincorporated community of Weaverville and surrounding area, applicant provides public utility electric and water service. In the year 1961 applicant served in its Weaverville Division an average of 543 water customers and 814 electric customers. In that year the revenue from these water customers represented 0.2 percent, and the revenue from these electric customers represented 1.7 percent, of applicant's total 1961 revenue.

Applicant purchases all of its electric power requirements from Pacific Gas and Electric Company at 2400 volts and distributes energy to its Weaverville customers through a 3-phase 2400 volt distribution system.

Present and Proposed Rates

The record shows that electric rates in Weaverville have been reduced on several occasions since applicant took over the operation in 1933 and that the present rates have been in effect since January 1947.

In general the rates proposed will result in simplification and clarification of the existing schedules and will permit the combining of single phase or three phase power with lighting through a single meter under the general service

schedule. No increase is proposed in the schedule for street lighting service.

The record shows that the rates proposed for both domestic and general service would be slightly below those charged by Pacific Gas and Electric Company in adjacent territory.

Summary of Results of Operations

Both applicant and the Commission staff presented testimony through a number of witnesses and introduced exhibits representing applicant's earnings position. Applicant's showing covered the years 1959, 1960 and 1961 while the staff estimates were for the years 1961 and 1962. A brief comparison of applicant's and the staff's estimated results for the year 1961 follows:

<u>Item</u>	1961 Estimates			
	<u>Present Rates</u>		<u>Proposed Rates</u>	
	<u>Applicant</u>	<u>Staff</u>	<u>Applicant</u>	<u>Staff</u>
Operating Revenues	\$192,000	\$193,300	\$212,400	\$213,730
Operating Expenses	<u>175,741</u>	<u>177,850</u>	<u>187,071</u>	<u>189,190</u>
Net Revenue	16,259	15,450	25,329	24,540
Rate Base - Depreciated	375,146	364,600	375,146	364,600
Rate of Return	4.33%	4.24%	6.75%	6.73%

It will be noted there is very little difference between the applicant and staff estimates. The lower rate base developed by the staff results mainly from the exclusion from rate base of \$4,960 representing nonoperative facilities which had been used in serving an industrial customer.

The staff's estimate for the year 1962 may be summarized as follows:

<u>Item</u>	<u>Staff 1962 Estimated</u>	
	<u>Present Rates</u>	<u>Proposed Rates</u>
Operating Revenues	\$211,770	\$233,060
Operating Expenses	<u>194,690</u>	<u>206,520</u>
Net Revenue	17,080	26,540
Rate Base - Depreciated	380,100	380,100
Rate of Return	4.49%	6.98%

The staff's estimate for 1962 reflects an annual increase of 36 customers. This compares with an average annual increase of 30 customers during the last six years.

Service

The staff report indicates that no informal complaints have been filed with the Commission during the past year and the relatively few service complaints that have been handled by the company have been resolved promptly.

None of the customers who testified at the hearing complained about electric service, but several protested any increase in electric rates.

Rate of Return

Applicant has requested an increase in rates to yield a 6.75 percent rate of return on its electric operations in Weaverville. The request for such a comparatively high return is based partly on allegedly depressed earnings in the past and on the opinion that Weaverville is a financially volatile community which lacks the stabilizing influence of industry and depends upon seasonal recreational activities for its economy.

Applicant's Exhibit No. 1 shows earnings for the year 1960, as expressed by a rate of return for the company's total

operations, to be 5.91 percent and for total California operations to be 4.64 percent. In 1960 approximately 66 percent of the company's total revenue was derived from electric operations, 19 percent from gas, 12 percent from telephone and 3 percent from water.

The staff by Exhibit No. 11 presented a report on applicant's financing of properties, cost of money and rate of return. This report shows that as of December 31, 1961, applicant had a total capitalization of approximately \$29,311,000 which was distributed as follows:

Long-term debt	50.70%
Preferred stock	7.85
Common stock equity	<u>41.45</u>
Total	100.00%

The effective rate of interest on long-term debt is shown as 4.11 percent and the effective dividend rate on preferred stock as 5.23 percent. The staff report shows that applicant's earnings on average common equity have averaged 10.44 percent for the last six years which is equivalent to an over-all return on investment of 6.21 percent. The report also presents a tabulation of earnings on common equity realized by a group of thirty electric, gas or telephone utilities of a size somewhat comparable to that of applicant. The average earnings on common equity of this group in 1960 was 10.85 percent.

The record shows that applicant has used liberalized depreciation for income tax purposes in certain past years for both its electric and water operations in California, but liberalized depreciation has not been used for 1961 nor under applicant's present intentions will it be used in the future.

Findings

Based upon a review of the record we find that applicant is reasonably entitled to an increase in its rates for electric service in Weaverville so as to produce a rate of return of 6.25 percent. We also find that the estimates for test year 1962 developed by the staff are reasonable if adjusted to reflect an annual growth rate of 25 customers rather than 36 customers. The following tabulation of results of operations for 1962, at the rates authorized herein, reflects such lower growth rate:

<u>Item</u>	<u>Test Year 1962</u>
Operating Revenues	\$225,390
<u>Operating Expenses</u>	
Operating and Maintenance	147,860
Administrative and General	11,090
Depreciation	10,730
Taxes - Other than Income	13,990
Income Taxes	<u>17,960</u>
Total Operating Expenses	201,630
Net Revenue	23,760
Rate Base - Depreciated	380,100
Rate of Return	6.25%

We find the revenues, expenses, rate base and rate of return set forth in said tabulation to be fair and reasonable and find that the earnings produced under the rates herein authorized will enable applicant to attract capital under reasonable terms and maintain its credit.

The rates to be authorized herein will produce a gross revenue increase of \$15,270, or 7.27 percent, when related to the 1962 test year.

The present Schedule P-1-W, General Power Service, will be superseded by two schedules, Schedule No. P-1, General

Power Service - Connected Load Basis, and Schedule No. P-3,
General Power Service - Maximum Demand Basis.

We find that the increases in rates and charges authorized herein are justified, and that the present rates and charges insofar as they differ from those herein authorized are for the future unjust and unreasonable.

O R D E R

Based upon the evidence and upon the findings contained in the foregoing opinion,

IT IS ORDERED that:

1. 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-A, the schedules of rates attached to this order as Appendix A and, upon not less than five days' notice to the Commission and to the public, to make such rates effective for all service rendered on and after October 13, 1962.

2. Within forty-five days after the effective date of this order, applicant shall file with the Commission, in conformity with General Order No. 96-A and in a manner acceptable to the Commission, such revised tariff sheets, including rules governing customer relations revised to reflect present-day operating practices, revised tariff service area maps, sample copies of all printed forms that are normally used in connection with customers' services, including copies of the general form of contract to be used with Schedule No. LS-1, Lighting Street and Highway, and preliminary statement. Such revised tariff sheets shall become

effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

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

Dated at Los Angeles, California, this 19th day of September, 1962.

George L. Trover
President
E. Lynn Fox
Fredrick B. Hlaboff

Commissioners

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

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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Schedule No. D-1

Weaverville Division

DOMESTIC SERVICE

(T)

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(T)

APPLICABILITY

Applicable to domestic lighting, heating, cooking and single-phase domestic power service for a separately metered single family dwelling unit, flat or apartment.

(C)

(C)

TERRITORY

The community of Weaverville, and adjacent territory, Trinity County.

(T)

RATES

	<u>Per Meter</u> <u>Per Month</u>	
Service Charge:	\$0.75	(I)
Energy Charge (to be added to the Service Charge):		
First 40 kwhr, per kwhr	5.8¢	
Next 60 kwhr, per kwhr	3.6¢	
Next 100 kwhr, per kwhr	2.6¢	
Over 200 kwhr, per kwhr	1.2¢	(I)

Minimum Charge: The service charge constitutes the monthly minimum charge.

SPECIAL CONDITIONS

1. Single-phase motors of not more than 5 hp may receive service under this schedule.

(C)

(L)

2. Welder load is limited to 2.9 kva or less at 240 volts, and to 0.5 kva or less at 120 volts.

(C)

(C)

Schedule No. A-1
Weaverville Division
GENERAL SERVICE

(T)
|
(T)

APPLICABILITY

Applicable to all single-phase and polyphase alternating current service. (C)

TERRITORY

The community of Weaverville, and adjacent territory, Trinity County. (T)

RATES

Per Meter
Per Month

Single-Phase Service:

Service Charge:	\$0.75	(I)
Energy Charge (to be added to Service Charge):		
First 50 kwhr, per kwhr	5.1¢	(R)
Next 150 kwhr, per kwhr	4.8¢	(R)
Next 800 kwhr, per kwhr	3.9¢	(I)
Next 2,000 kwhr, per kwhr	2.7¢	(I)
Over 3,000 kwhr, per kwhr	1.8¢	(R)

Minimum Charge: \$0.75 per month, but not less than \$0.65 per month per kva of connected welder load. (I)
(I)

Polyphase Service:

The single-phase rate plus \$1.00 per meter per month.

Minimum Charge: \$1.75 per month, but not less than \$0.65 per month per kva of connected welder load and per horsepower of polyphase connected meter load. (N)
(N)

(Continued)

Schedule No. A-1 (Continued)

(T)

Weaverville Division

GENERAL SERVICE

(T)

SPECIAL CONDITIONS

(D)

(D)

1. 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 customer has made application for such a 4-wire service but utility is not in a position to supply the same at that location then temporarily, until utility 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.

(N)

2. Polyphase service to any customer on the same premises shall be supplied through one meter.

3. Service to each of two or more separate areas within the same premises not in the same building and which do not overlap may be individually metered.

4. At customer's option, single-phase and polyphase service may be combined.

(N)

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Schedule No. C-1

(T)

Weaverville Division

HEATING AND COOKING SERVICE

(T)

APPLICABILITY

Applicable to commercial heating, air conditioning, cooking and water heating service.

(C)

TERRITORY

The community of Weaverville, and adjacent territory, Trinity County.

(T)

RATES

	<u>Per Meter Per Month</u>	
Energy Charge:		
First 150 kwhr, per kwhr	4.3¢	(I)
Next 850 kwhr, per kwhr	2.1¢	(I)
Over 1,000 kwhr, per kwhr	1.2¢	(D)
		(D)
Minimum Charge:		
First 7 kw or less of connected load	\$3.00	(C)
Over 7 kw of connected load, per kw	0.50	(C)
Space heating appliances	3.00	(L)

SPECIAL CONDITIONS

1. Service will be single-phase, 120-240 volt three-wire alternating current.

(C)

2. Connected load will be taken as the sum of capacities of all of customer's equipment determined in accordance with Rule No. 1, Definitions, that may be connected to utility's lines at the same time, computed to the nearest one-tenth of a kw.

(C)

(Continued)

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Schedule No. C-1 (Continued)

Weaverville Division

HEATING AND COOKING SERVICE

(T)

(T)

SPECIAL CONDITIONS (Contd.)

3. Space heating appliances shall not be considered as active connected load in computing bills on meter readings subsequent to May 1st and prior to November 1st.

(L)

(L)

4. Single-phase power service of not more than 5 hp may be combined under this schedule, in which case each horsepower of connected load shall be considered as equivalent to one kilowatt of connected load in determining the minimum charge.

(C)

Schedule No. P-1

(T)

Weaverville Division

GENERAL POWER SERVICE - CONNECTED LOAD BASIS

(T)

APPLICABILITY

Applicable to alternating current energy used in motors, heating and cooking devices, and rectifiers for battery charging.

(T)
(T)

TERRITORY

The community of Weaverville, and adjacent territory, Trinity County.

(T)

RATES

Energy Charge:

Horsepower of Connected Load	Per Meter Per Month Per Kwhr				(T)
	First	Next	Next	Over	
	50 kwhr Per hp	50 kwhr Per hp	150 kwhr Per hp	250 kwhr Per hp	
2 - 9.9 hp	4.4¢(R)	3.2¢(R)	2.7¢(R)	2.0¢	
10 - 24.9 hp	3.7¢	2.7¢	1.8¢	1.6¢	
25 and over	3.4¢(R)	2.4¢(R)	1.5¢(R)	1.3¢(I)	

(D)

Minimum Charge: First 10 hp of connected load, \$1.25 per hp per month but in no case less than \$2.50 per month.

(T)

Over 10 hp of connected load, \$1.00 per hp per month.

(T)

SPECIAL CONDITIONS

1. Voltage: Any standard distribution voltage, single or polyphase, at customer's option, but not more than one, will be supplied on this schedule.

(D)
(D)

(C)
(C)

(D)
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(D)

(Continued)

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Schedule No. P-1 (Continued)

(T)

Weaverville Division

GENERAL POWER SERVICE - CONNECTED LOAD BASIS

(T)

SPECIAL CONDITIONS (Contd.)

2. Connected load will be taken as the sum of capacities of all of customer's equipment determined in accordance with Rule No. 1, Definitions, that may be connected to utility's lines at the same time, computed to the nearest one-tenth of a horsepower.

(C)

3. This schedule is not applicable to current used for lighting, either directly or through transforming, or converting equipment.

(C)

Schedule No. P-3

Weaverville DivisionGENERAL POWER SERVICE - MAXIMUM DEMAND BASISAPPLICABILITY

Applicable to alternating current energy used in motors, heating and cooking devices, and rectifiers for battery charging, including incidental lighting.

TERRITORY

The community of Weaverville, and adjacent territory, Trinity County.

RATES

Energy Charge:

Billing Demand kw	Per Meter Per Month Per Kwhr			
	First 100 kwhr Per kw	Next 100 kwhr Per kw	Next 100 kwhr Per kw	Over 300 kwhr Per kw
	0 - 24.9	4.0¢	2.1¢	1.9¢
25 - 74.9	3.8¢	1.9¢	1.7¢	1.3¢
75 and over	2.5¢	1.8¢	1.4¢	1.2¢

Minimum Charge: \$50.00 per month for the first 40 kw or less of the billing demand, plus \$0.90 per kw of billing demand in excess of the first 40 kw.

SPECIAL CONDITIONS

1. Voltage: Any standard distribution voltage, single or polyphase, at customer's option, but not more than one, will be supplied on this schedule.

2. Billing demand shall be the maximum demand made by customer's equipment for electrical power during the month for which bill is rendered but in no event less than 50% of the highest of such demands

(Continued)

(N)

(N)

Schedule No. P-3 (Continued)

(N)

Weaverville DivisionGENERAL POWER SERVICE - MAXIMUM DEMAND BASISSPECIAL CONDITIONS (Contd.)

in the preceding eleven consecutive months nor less than the diversified resistance welder load computed in accordance with Section F, Welder Service, of Rule No. 2, Description of Service. The maximum demand in any month shall be the maximum average power taken during any 15-minute interval in that month, provided that in cases where the use of energy is intermittent or subject to violent fluctuations a 5-minute interval may be used.

3. Incidental lighting is defined as any lighting on the premises for an industrial (as distinguished from commercial) plant operated by power supplied under this schedule. Lighting in dwellings or in buildings on such premises used primarily for trade or for any purpose not essential to the operation of such plant will not be provided under this schedule.

4. This schedule is not applicable to current used for lighting, either directly or through transforming, or converting equipment.

(N)

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Schedule No. IS-1 (T)

Weaverville Division (T)

LIGHTING - STREET AND HIGHWAY

APPLICABILITY

Applicable to service for series and multiple street lighting installations where the utility owns and maintains the entire equipment. (T)

TERRITORY

The community of Weaverville, and adjacent territory, Trinity County. (T)

RATES

	<u>Per Lamp</u> <u>Per Month</u>
All Night Service:	
<u>Mounted on Wood Poles</u>	
1,000 Lumens, Incandescent	\$1.10
2,500 Lumens, Incandescent	2.00
4,000 Lumens, Incandescent	3.05
<u>Mounted on Steel Poles</u>	
15,000 Lumens, Mercury Vapor	12.00

Minimum Charge: The minimum charge shall be that set by the contract entered into between utility and customer covering contract for street lighting service. (T)
(T)

SPECIAL CONDITIONS

- This schedule available only upon contract, a copy of which form of contract is filed as a part of these tariff schedules. (T)
- Customer shall specify in writing the exact location and size of each lamp to be installed. (T)

(Continued)

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Schedule No. IS-1 (Continued) (T)

Weaverville Division (T)

LIGHTING - STREET AND HIGHWAY

SPECIAL CONDITIONS (Contd.)

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