

ORIGINAL

Decision No. 78197

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
SOUTHERN CALIFORNIA EDISON COMPANY  
for an order of the Public Utilities  
Commission of the State of California  
authorizing Applicant to modify rates  
charged by it for electric service on  
Santa Catalina Island.

Application No. 52010  
(Filed July 9, 1970)

Rollin E. Woodbury, Harry W. Sturges, Jr.,  
and William E. Marx, by William E. Marx,  
Attorney at Law, Southern California  
Edison Company, applicant.  
William R. Hill, appearing in his own  
behalf, protestant.  
Harvey H. Cowell, for City of Avalon, and  
Bill Krug, appearing in his own behalf,  
Interested parties.  
Eugene S. Jones, for Commission staff.

O P I N I O N

By the above entitled application Southern California Edison Company (Edison) seeks authority to modify its rates for electric service on Santa Catalina Island.

Public hearing was held before Examiner Main at Avalon on October 27, 1970, and the matter was submitted on that date with provision for receiving late filed Exhibit 5 on or before November 9, 1970. At the hearing several customers expressed concern that customers within the City of Avalon might be paying more than their fair share of Edison's cost of service, in light of the substantial investment made in recent years in electric utility plant, some of which can serve prospective future development elsewhere on the Island.

Edison's present tariffs for electric service on Santa Catalina Island were adopted, pursuant to Decision No. 64420 dated October 17, 1962 in Application No. 44684, at the time of the acquisition of the electric facilities on the Island by Edison on November 29, 1962. They include rate schedules for general service (Schedules Nos. A-10 and A-11), domestic service (Schedules Nos. D-10 and D-11) and off-peak service (Schedule No. P-10). Schedules Nos. A-11 and D-11 are closed schedules and applicable only to accounts transferred from Avalon Public Service Company to Edison on November 29, 1962.

Edison's present rates are as follows:

Schedule No. A-10

General Service

	<u>Per Meter Per Month</u>	
	<u>May-September Inclusive</u>	<u>October-April Inclusive</u>
Energy Charge:		
First 100 kwhr, per kwhr .....	7.5¢	7.0¢
Next 200 kwhr, per kwhr .....	7.0¢	6.5¢
Next 500 kwhr, per kwhr .....	6.5¢	6.0¢
Over 800 kwhr, per kwhr .....	6.0¢	5.5¢

Minimum Charge:

Single-phase service, 120 volts: \$12.00 per 5 amperes of required meter capacity per year.

Three-phase power service, 240 volts or over: \$6.00 per hp of connected load per year.

In no event will the minimum charge be less than \$12.00 per year.

Schedule No. A-11

General Service

	<u>Per Meter Per Month</u>	
Energy Charge:		
First 100 kwhr, per kwhr .....		7.3¢
Next 200 kwhr, per kwhr .....		6.8¢
Next 500 kwhr, per kwhr .....		6.3¢
Over 800 kwhr, per kwhr .....		5.8¢

Minimum Charge:

\$1.00 per meter per month for lighting service, plus  
\$0.50 per horsepower of connected load in excess of  
2 horsepower.

## Schedule No. D-10

Domestic Service

	<u>Per Meter Per Month</u>	
	<u>May-September</u>	<u>October-April</u>
	<u>Inclusive</u>	<u>Inclusive</u>
Energy Charge:		
First 25 kwhr, per kwhr .....	7.5¢	7.0¢
Next 75 kwhr, per kwhr .....	7.0¢	6.5¢
Over 100 kwhr, per kwhr .....	6.5¢	6.0¢

## Minimum Charge:

\$12.00 per 5 amperes of required meter capacity per year.  
In no event will the minimum charge be less than \$12.00 per year.

## Schedule No. D-11

Domestic Service

	<u>Per Meter</u>
	<u>Per Month</u>
Energy Charge:	
First 25 kwhr, per kwhr .....	7.3¢
Next 75 kwhr, per kwhr .....	6.8¢
Over 100 kwhr, per kwhr .....	6.3¢

## Minimum Charge:

For consumers using lights,  
refrigerators, and small  
household appliances ..... \$1.00 per month

For consumers using an electric  
range, water heater, or other  
major appliances of more than  
2 kw rating ..... \$3.00 per month

Schedule No. P-10

Off-Peak Service

Per Meter  
Per Month

Rates

For all energy use per kwhr ..... 3.0¢

Special Conditions

1. Off-Peak Period: The off-peak period during which this schedule is applicable is between the hours of 10:30 p.m. and 6:30 a.m. of the following day, and on Sundays, holidays, and other days during the year when the off-season requirements for electric service of domestic, commercial, and industrial customers are below their normal on-season requirements.
2. Annual Review: The rate charge hereunder shall be reviewed annually, or more often, as changed conditions may require; and where warranted, the utility shall file appropriately revised tariff sheets.

Edison contends that certain features of the present rates such as the summer-winter differential, the form of minimum charge and the relatively high charges for the terminal use block have led to restricted use of electric service, particularly winter usage which would improve load factor, and have generally led to the operation of the system at less than a reasonable rate of return. A stated purpose of this application is to bring the form of the rates more in line with the mainland and to lower the terminal blocks of the rates in order to encourage additional usage during the winter months. Such additional usage tends to improve load factor and thereby reduce cost per unit of sales.

As shown in Exhibit No. 1 the total revenue forecast for 1970 of \$440,800 at rates proposed by applicant exceeds that at present rates by \$1,800 or by less than 1/2 of 1 percent. After deducting total expenses of \$512,400, net operating income becomes a

negative \$71,600 under the proposed rates. This in turn yields a negative rate of return of 2.69 percent on the rate base of \$2,657,700 estimated by applicant. Thus, Edison proposes to revise the form of the rates while not materially increasing the revenues from present operations, its negative earnings position notwithstanding. Only applicant's customers on Santa Catalina Island would be affected by the rate adjustments proposed.

Edison's proposed rates are as follows:

Schedule No. A-10

General Service

	Per Meter Per Month
Customer Charge .....	\$2.00*
Energy Charge (to be added to Customer Charge)	
First 100 kwhr, per kwhr .....	7.0c
Next 400 kwhr, per kwhr .....	6.0c
Next 1,000 kwhr, per kwhr .....	5.5c
Next 1,500 kwhr, per kwhr .....	4.9c
Excess kwhr, per kwhr .....	4.3c

\*Minimum Customer Charge:

The Customer Charge in any month shall be not less than 0.5 cents times the highest number of kwhr billed in the month of July, August, or September in the twelve-month period ending with the current monthly billing. The Minimum Customer Charge will be based on prior use for the account regardless of customer identity unless there is a bona fide change of operations which, in the opinion of the utility, would justify a reduction in the Customer Charge.

Schedule No. D-10

Domestic Service

	Per Meter Per Month
Customer Charge .....	\$2.00
Energy Charge (to be added to Customer Charge):	
First 60 kwhr, per kwhr .....	7.0¢
Next 90 kwhr, per kwhr .....	5.5¢
Next 150 kwhr, per kwhr .....	4.5¢
Excess kwhr, per kwhr .....	3.5¢

Minimum Charge:

The monthly minimum charge shall be the monthly Customer Charge.

Schedule No. LS-10

Lighting - Street and Highway  
Utility-Owned System

	Per Lamp Per Month
<u>Lamp Size - Lumens</u>	
Incandescent Lamps	
1,000 Lumens .....	\$2.90

Edison proposes to terminate Schedules Nos. A-11 and D-11 and to transfer customers served thereunder to Schedules Nos. A-10 and D-10, respectively. Edison does not propose any changes in Schedule No. P-10. Proposed new Schedule No. LS-10 is needed to provide for street lighting service and ties in with Edison's proposed elimination of existing deviations from its filed tariffs.

Following is a list of existing deviations from filed tariffs and the applicant's proposal for the elimination thereof:

1. Connolly Pacific Company  
Account No. 56-61-401-1220-01

Deviation: Edison owns and maintains the line beyond the 12 kv metering point at no charge to customer.

Proposal: Remove primary metering and provide four individual metering points.  
Customer concurs in this proposal.

2. Cove and Camp Agency - Two Harbors  
Account No. 52-61-100-0540-01

Deviation: Edison-owned meter is installed at the end of a customer-owned line.

Proposal: Edison to purchase the line.  
Customer indicates line will be turned over to Edison at no cost.

3. City of Avalon  
Accounts Nos. 60-61-501-0760 and 60-61-601-1780

Deviation: Outdoor lighting service is provided by Edison from an Edison-owned system. Charges for energy used are billed to the customer for each metering point on Schedule No. A-10, but no charge is made for ownership, operation, or maintenance of the Edison-owned facilities. The system consists of eleven 1,000 lumen incandescent lamps, thirty-five 300 watt flood lamps and associated equipment.

Proposal: Negotiations should be commenced with the City of Avalon for early purchase of the system by the City. Until such time as the ownership of the facilities has been transferred to the City, the existing installations will continue to be billed on Schedule No. A-10, as revised, plus a charge pursuant to Tariff Rule 2, Section H, of 1.28 percent per month of the historical cost of the Edison-owned facilities. In addition, the City is to pay for the cost of labor and materials for lamp replacement.  
City aware of proposal.

4. City of Avalon  
Accounts Nos. 55-61-300-0820 and 0900  
57-61-450-0320  
62-61-600-1780  
62-61-601-1560  
67-61-751-2240  
68-61-800-1460

Deviation: Street lighting service is provided by Edison from an Edison-owned system. Charges for energy used are billed to the customer for each metering point on Schedule No. A-10, but no charge is made for ownership, operation, or maintenance of the Edison-owned facilities.

Proposal: All street lighting installations are to be supplied and billed under the provisions of new Schedule No. LS-10.

As was indicated hereinabove Edison's revenues under the present level of electric operations at Santa Catalina Island would increase by only \$1,800 at the proposed rates. Such increase is primarily attributable to the new street light service schedule and elimination of tariff deviations. Total revenues otherwise remain virtually unchanged and do so by design, as a result of raising rates at the front end of the proposed rate structures for general service and domestic service to offset lowering the higher use and terminal block rates.

Accordingly, the proposed rates will result in increases to some customers and decreases to others. More specifically, of the total of 1,450 customers served the proposed rates are estimated to result in increases to 1,128 customers. Of the 1,045 domestic customers an estimated 760 would have their bills increased but for 547 of these customers the increase would amount to \$1 per month.



With regard specifically to customers within the City of Avalon, they will provide in the aggregate less revenues at the proposed rates than at the present rates for general service and domestic service, since revenues at proposed rates from customers presently served under Schedules Nos. A-10 and D-10 are estimated to decrease in the amounts of \$700 and \$500, respectively, at year 1970 estimated service levels.

Edison has increased generating and transmission capacity, rebuilt distribution systems, improved voltage regulation and improved reliably to the point where, according to Edison, system operations approach mainland service quality. Indicative of the substantial added investment in utility plant, Edison estimates its electric rate base to have increased from \$437,000 in 1963 to \$2,674,000 in 1969. Such additions were made to improve service and to prepare for future growth.

In light of its performance in improving service quality, its negative earnings position and its objective of reducing costs per unit of sales through improved load factor, Edison appears entitled to an opportunity to improve its future earnings position by means of the proposed restructuring of its rates for electric service on Santa Catalina Island.

Findings and Conclusion

The Commission finds that:

1. Edison's earnings position resulting at either its present rates or its proposed rates from electric operations at Santa Catalina Island is deficient based on estimated year 1970.

2. Edison's proposed rates would increase its total electric operating revenues by only \$1,800, from \$439,000 at present rates to \$440,800 at proposed rates, based on estimated year 1970.

3. Under Edison's proposed rates changes in charges between individual customers will result. The changes reflect both increases and decreases with reference to present rates.

4. In the aggregate the proposed changes in rates are directed toward achieving a closer relationship between the form of Edison's rates on the mainland and on the Island and toward improving load factor and stimulating growth on the Island.

5. Edison has improved the quality of electric service on the Island.

6. Edison is entitled to an opportunity to improve its future earnings position by means of its proposed restructuring of rates for electric service on the Island.

7. Edison's proposed rates, as set forth hereinabove and in greater detail in Appendix C to the application, are reasonable and should be authorized.

8. Deviations from Edison's filed tariffs for electric service on the Island should be eliminated. Edison's proposals in this regard, as set forth hereinabove and in Appendix C to the application, are reasonable and should be carried out.

9. The increases or decreases in rates and charges authorized herein are justified, the rates and charges authorized herein are reasonable, and the present rates and charges insofar as they differ from those herein prescribed are for the future unjust and unreasonable.

Based upon the foregoing findings the Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company is authorized to file with this Commission, on or after the effective date of this order, revised tariff Schedules Nos. A-10 and D-10 and new tariff Schedule No. LS-10 substantially as set forth in Appendix C to the application. Such filing shall comply with General Order No. 96-A. The effective date of the revised rate schedules and the new rate schedule shall be five days after the date of filing. The revised rate schedules and the new rate schedule shall apply only to service rendered on and after the effective date thereof.

2. At the time of making effective the revised rate schedules and new rate schedule authorized by paragraph 1 hereof, Edison shall withdraw and cancel rate Schedules Nos. A-11 and D-11.

3. Edison shall eliminate deviations from its filed tariffs for electric service on the Island substantially in accordance with the proposals set forth in Appendix C to the application.

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

Dated at San Francisco, California, this 19th day of JANUARY, 1971.

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Chairman  
*William S. Squire, Jr.*  
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*Sam Brown*  
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*Vernon L. Sturgeon*

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Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.