

Decision No. 80865

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of Sierra Pacific Power Company
for authority to increase its
rates for electric service in
California and to initiate a fuel
adjustment rider in its electric
tariff.

Application No. 53030
(Filed November 26, 1971;
Amended March 21, 1972)

Richard G. Campbell and Boris H. Lakusta, Attorneys
at Law, for applicant.
George W. Ball, for Safeway Stores, Incorporated,
and John E. Upton, for Tahoe Trailer Parks
Association, protestants.
Supervisor George L. Collord, for Alpine County,
interested party.
Elinore C. Morgan, Attorney at Law, and Robert W.
Beardslee, for the Commission staff.

O P I N I O N

By this application, Sierra Pacific Power Company (Company) requests authority to establish rates for its California operations which are designed to increase annual revenues in the test year 1972 estimated by \$990,768 over the rates now in effect.

Public hearing was held before Examiner Gillanders at Lake Tahoe on May 2 and 3, 1972 and at San Francisco on August 1, 2, and 4, 1972, and the matter was submitted on August 24, 1972 upon receipt of the last volume of transcript. Copies of the application had been served and notice of hearing had been published, posted, and mailed in accordance with this Commission's rules of procedure.

Oral and written testimony on behalf of Company was presented by its president, three of its vice-presidents, and its rate of return consultant. The Commission staff presentation was made by a rate of return witness and two engineers. Eleven members of the public attended the hearing of whom two testified regarding their reasons for protesting the proposed rate increase.

General Information

Company owns and operates electric, gas, and water properties in the State of Nevada and electric property in the State of California. Electricity is served in various communities in Nevada and California and gas and water are sold in Reno and Sparks, Nevada, and environs.

The counties served in California include Alpine, El Dorado, Mono, Nevada, Placer, Plumas, and Sierra. On December 31, 1971, applicant served approximately 20,630 electric customers in California, classified as follows:

Residential	17,391
Commercial & Industrial-Small	3,208
Commercial & Industrial-Large	3
Public Street & Highway Lighting	26
Other Sales to Public Authorities	0
Sales for Resale	2

The electric property of Company used in providing service to its California customers is a portion of its interconnected system serving California and Nevada and the original cost thereof and accumulated depreciation applicable thereto are determined as a result of an allocation procedure.

Affiliated Interests

A wholly owned subsidiary, Lands of Sierra, Inc., is engaged in land development in the vicinity of Lake Tahoe.

Results of Operation

Witnesses for Company and the Commission staff analyzed and estimated Company's operational results. Shown below is a summary of earnings table taken from staff Exhibit 6.

California Electric Retail Operations

COMPARATIVE SUMMARY OF EARNINGS

Year 1972 Estimated (\$1,000)

: Line:	: Item	: Staff	: Utility	: Utility	
				: Exceeds Staff	: Ratio
: No.:				Amount	

Present Rates

1	Operating Revenues	\$ 5,699.0	\$ 5,674.1	\$ (24.9)	(0.4)%
2	<u>Operating Expenses</u>				
3	Operation and Maintenance	2,606.5	2,603.0	(3.4)	(.1)
4	Administrative, General & Misc.	292.7	317.2	24.5	8.4
5	Taxes Other Than on Income	419.4	457.7	38.3	9.1
6	Income Taxes	18.0	83.3	70.3	-
7	Depreciation and Amortization	695.5	714.3	18.7	2.7
8	Total Operating Expenses	4,032.1	4,180.5	148.4	3.7
9	Net Revenues	1,666.9	1,493.6	(173.3)	(10.4)
10	Depreciated Rate Base	23,202.3	23,558.2	355.9	1.5
11	Rate of Return	7.18%	6.34%	(0.84)%	-

Utility Proposed Rates

12	Operating Revenues	\$ 6,710.0	\$ 6,664.9	\$ (45.1)	(.7)%
13	<u>Operating Expenses</u>				
14	Operation and Maintenance	2,609.3	2,603.0	(6.2)	(.2)
15	Administrative, General and Misc.	292.7	317.2	24.5	8.4
16	Taxes Other Than on Income	419.4	457.7	38.3	9.1
17	Income Taxes	414.1	563.8	149.7	36.2
18	Depreciation and Amortization	695.5	714.3	18.7	2.7
19	Total Operating Expenses	4,431.0	4,656.0	225.0	5.1
20	Net Revenues	2,279.0	2,008.9	(270.1)	(11.9)
21	Depreciated Rate Base	23,202.3	23,558.2	355.9	1.5
22	Rate of Return	9.82%	8.52%	(1.29)%	-

(Inverse Item)

As can be seen from the above table, the major difference in operating expenses between Company and staff is in the Item of Income Taxes (Lines 6 and 17). The other significant difference is in the item of Taxes Other Than on Income (Lines 5 and 15).

Discussion

Allocations

Inasmuch as Company makes deliveries of power in California and Nevada at both retail and wholesale, it is necessary to segregate revenues, expenses, and rate base items as between jurisdictions of the California, Nevada, and Federal Power Commissions. Company and staff agree as to the methods and procedures to be used in making the required allocations.

Revenues

The slight difference in revenue estimates is due principally to the staff's higher estimate of sales.

Operation and Maintenance

The minor differences in the various accounts making up operation and maintenance expenses mainly arise due to the different estimates of sales. The other differences are due because Company used its 1972 operating budget for a 1972 test year estimate, while the staff's estimates are fundamentally a trending and averaging of five years of historical data with appropriate adjustments.

Administrative General & Miscellaneous

Staff accepted Company's estimates for 1972 as reasonable, with the following exceptions:

Ac. 927 - Franchise Requirements

This account includes payments to municipal or other governmental authorities for doing business. There are no franchise requirements in California, and thus no charges have been allowed by the staff to this account, for California operations.

Ac. 928 - Regulatory Commission Expenses

Staff has made an estimate of \$5,000 spread over four years as the cost of this rate proceeding charged directly to the California retail operations. Charges to this account at the Electric Department level due

to Nevada regulations or proceedings are not properly allocable to California, and have been disallowed for rate-making purposes.

Ac. 930 - Miscellaneous General Expenses

The Company had estimated a large increase in 1972 over 1971; 1971 also had a large increase over 1970. Staff's 1972 estimate is based on a five-year least square trend using recorded data and adjusted for dues and donations which have been disallowed.

Taxes Other Than on Income

The table below shows a comparison of Taxes Other Than on Income as calculated by Company and staff for the estimated year 1972.

California Electric Retail Operations
COMPARISON OF TAXES
1972 Estimated

:Line:	:	:	:	:Utility Exceeds Staff:
: No.:	Item	:Staff:	Utility	: Amount : Ratio :
(Dollars in Thousands)				
<u>Present and Proposed Rates</u>				
1	<u>Taxes Other Than on Income</u>			
2	Ad Valorem	\$344.5	\$381.0	\$36.5 10.6%
3	Franchise	43.8	43.8	- -
4	Payroll	31.1	32.9	1.8 5.8
5	Total	419.4	457.7*	38.3 9.1

* Staff has deducted \$15,000 from Taxes Other Than on Income and placed it under Taxes Based on Income.

As can be seen from the above table, the main difference between Company and staff is in the item of Ad Valorem taxes (Line 2).

Staff estimates for ad valorem taxes reflect the 1971/72 assessed valuation which became available after the preparation of the utility's exhibit. The estimates reflect the rising tax rates and decreasing assessment ratios in recent years as applied to the staff's estimated plant.

Income Taxes

The difference between Company and staff is due mainly to the different treatment accorded to post 1969 property for tax purposes.

Company chose to normalize all post 1969 qualified public utility property although it had the option of continuing on flow-through.

It is the staff's position that a utility should utilize all reasonable procedures to keep its rates at the lowest possible level. The staff, therefore, in its results of operation imputed flow-through for all Nevada and California properties.

Company did not include the effects of the Asset Depreciation Range (A.D.R.) instituted by the 1971 Revenue Act. Consistent with its treatment of liberalized depreciation the staff has used flow-through on this item also.

The staff also included an amount for the Investment Tax Credit (I.T.C.) based on the 1971 Revenue Act signed into law on December 10, 1971, on a flow-through basis.

Depreciation

The minor differences between Company and staff regarding depreciation expense and reserve arise from the staff's use of revised rates effective January 1, 1972. The Company used rates determined in 1968.

Rate Base

Shown on the following page is a table taken from staff Exhibit 6 which shows the average rate base as calculated by Company and staff for test year 1972 estimated.

California Electric Retail Operations

AVERAGE RATE BASE

Year 1972 Estimated

:	:	:	:	:	:	:	:	:	:
:Line:	:	:	:	:	:	:	:	:	:
:	:	:	:	:	:	:	:	:	:
: No.:	Item	Staff	Utility	Amount	:	Ratio	:	:	:
(Dollars in Thousands)									
1	Total Plant in Service	\$27,685.9	\$27,661.1	\$ (24.8)		(0.1)%			
2	Depr. & Amort. Reserves	(4,242.9)	(4,175.9)	67.0		(1.6)			
3	Net Plant in Service	23,443.0	23,485.2	42.2		.2			
4	Construction Work in Progress	15.0	555.7	540.7		-			
5	Contribution in Aid of Construction	(556.1)	(614.7)	(58.6)		10.5			
6	Cust. Adv. Const.	(623.8)	(612.0)	11.8		(1.9)			
7	Accum. Deferred Income Taxes	-	(74.9)	(74.9)		-			
8	Adjusted Net Plant in Service	22,278.1	22,739.3	461.2		2.1			
9	Working Capital	924.2	818.8	(105.4)		(11.4)			
10	Rate Base	23,202.3	23,558.1	355.8		1.5			

(Inverse Item)

The major difference between Company and staff is in the item Construction Work in Progress (Line 4).

Company capitalizes interest during construction at a rate of 7-1/2% on work orders amounting to over \$750. Company has included in its rate base amounts which include interest bearing construction work in progress.

The staff has included in rate base an estimated average amount of construction work in progress representing individual jobs totaling less than \$750 each and which do not bear interest during construction. The amount is \$15,000 as allocated to California.

It is the long standing policy of this Commission that interest bearing construction work in progress not be included in rate base.

Rate of Return

Company is requesting a rate of return on rate base in the range of 8.46 to 8.60 percent which represents a return on common equity in the range of 13 to 14 percent.

The staff witness recommended a rate of return of 8.0 percent to be applied to the California jurisdictional rate base. Such rate of return represents a return on common equity between 11.25 percent and 11.50 percent.

Fuel Adjustment Rider

Company proposes the following fuel adjustment rider:

The monthly charges for service otherwise applicable under each of utility's rate schedules shall be increased or decreased by an adjustment amount in accordance with increases or decreases in the average fuel cost per kilowatt-hour generated in utility's interconnected system above or below four and thirty-five hundredths (4.35) mills (hereinafter referred to as "base cost"). The adjustment amount shall be determined by multiplying the affected kilowatt-hours of each billing by the adjustment of (d) below.

The adjustments for each billing period shall be computed as follows using the operating results of the twelve-month period ended the third month preceding such billing period (hereinafter referred to as the "operating period"):

- (a) The total therms of natural gas consumed during the operating period shall be multiplied by the rate in effect on the last day of such operating period.
- (b) The total therms of each type of oil fuel consumed during the operating period shall be multiplied by the average cost* of oil fuel of each type in inventory on the last day of such operating period.
- (c) The total kilowatt-hours generated by the fuel in (a) and (b) above shall be multiplied by the base cost.
- (d) The remainder obtained by subtracting the amount calculated in (c) above from the sum of the amounts calculated in (a) and (b) above shall be divided by the total kilowatt-hours sold during the operating period and the quotient so obtained, rounded to the nearest hundredth of a mill (\$0.00001), shall be the adjustment.

*NOTE: The costs of fuels shall include the cost of transportation to utility's generating plants for such fuels plus any taxes applicable thereto.

Each adjustment shall be filed with the Public Utilities Commission of California on or before the first day of the month preceding the billing period during which such adjustment shall be effective.

Staff recommends the following Fuel Adjustment clause:

1. The monthly charges for service otherwise applicable under each of utility's rate schedules shall be increased or decreased by an adjustment amount in accordance with increases or decreases in the average fuel cost per kilowatt-hour generated in utility's interconnected system, above or below five and twenty-six hundredths (5.26) mills (hereinafter referred to as "base cost").
2. The adjustment per kilowatt-hour shall be computed as follows using the operating results of a twelve-month period preceding the filing date by one calendar month (hereinafter referred to as the "operating period"):
 - (a) The total therms of natural gas consumed during the operating period shall be multiplied by the rate in effect on filing date.
 - (b) The total therms of each type of oil fuel consumed during the operating period shall be multiplied by the average cost of oil fuel of each type in inventory on the last day of such operating period. The cost of oil fuel shall include the cost of transportation to utility's generating plants plus any taxes applicable thereto.
 - (c) The total kilowatt-hours generated by the fuel in (a) and (b) above shall be multiplied by the base cost.
 - (d) The remainder obtained by subtracting the amount calculated in (c) above from the sum of the amounts calculated in (a) and (b) above shall be divided by the total kilowatt-hours sold during the operating period and the quotient so obtained, rounded to the nearest hundredth of a mill (\$0.00001), shall be the adjustment.
3. Each adjustment shall be filed with the Public Utilities Commission of California for Commission approval on or before the first day of the month preceding the billing period during which such adjustment is intended to become effective. The adjustment per kilowatt-hour shall be used in computing bills for meter readings on the effective date and thereafter until the next such adjustment becomes effective. Such adjustments shall not be revised more often than once every three months.

4. The adjustment amount to be added or subtracted from each bill shall be the product of the total kilowatt-hours for which the bill is rendered multiplied by the adjustment per kilowatt-hour of 2(d) above, except (1) only the kilowatt-hours in excess of 500 and 400 under Schedule No. D-1, A and B, respectively, shall be subject to the adjustment per kilowatt-hour and (2) for the purposes of applying the fuel adjustment clause, the monthly consumptions per lamp rating will be used as shown in Special Condition 4 of Schedule No. S-4 and Special Condition 5 of Schedule No. LS-5.
5. Any refund from a fuel supplier shall be refunded with 7 percent interest to the utility's California customers. A refund plan shall be filed with the California Public Utilities Commission when such portion of the refunds allocatable to California customers has accumulated to a total of \$10,000 or more.

The principal differences between the staff and utility fuel clause provisions are as follows:

- a. The base cost for the average fuel cost per kilowatt-hour generated is 5.26 mills. The staff recommends the base rates reflect the average fuel cost per kilowatt-hour generated as estimated by the staff for the test year 1972.
- b. Adjustments shall not be revised more often than once every three months.
- c. Refunds from fuel suppliers are to be refunded to ratepayers with 7 percent interest.

Position of Protestants

A witness testified on behalf of Tahoe Trailer Parks Association^{1/} that the Association protested the requested rate increase for the following reasons:

- "1. As proposed, the rate increase shifts a larger burden upon trailer parks and therefore upon mobile home and trailer residents. Compared to an average 15 percent increase, the proposed increase to the small general service category A-1, which includes trailer parks, is nearly 18 percent. Rate charges to this group are already the highest on the schedule. There is no apparent reason for this discriminatory proportionate increase in burden upon ourselves and our residents.

^{1/} Speaking for over 2,000 trailer park residents of the Tahoe Basin.

- "2. The proposed large rate increase is not justified by the recent history and trend of Sierra Pacific's performance in earnings per share to its stockholders. It is also not justified by the recent history and trend in Sierra Pacific's operating ratio and increase in finance costs. . . ."

The Chief Utilities Engineer for Safeway Stores, Incorporated testified that Safeway objects to the large initial fixed kilowatt-hour blocks of the proposed A-2 schedule. According to Safeway, such blocking denies to the customer at lower demand levels, particularly 300 kw and less, the benefit of the demand related blocking which gives the customer with higher demand levels a lower and lower average cost per kilowatt-hour as his hours of use increase. Under the proposed rate schedule, Safeway's billings would be increased 14.9 percent.

Safeway's witness presented three exhibits and cross-examined Company and staff witnesses.

Adopted Results

The staff's determination of revenues, expenses, taxes, depreciation, rate base, and rate of return are more nearly in conformity with our established principles of rate making than are the estimates presented by Company. We will, therefore, adopt the staff estimates as reasonably representing Company's results of operation for the future. Company, therefore, is entitled to a gross revenue increase of \$397,000 instead of its requested increase of \$990,768.

Based on the record, the staff recommended that any authorized increase in revenue be apportioned between groups of rate schedules approximately lineally in accordance with the following tabulated percentages:

Domestic	39.6%
Commercial, Industrial/Agriculture	
Small	40.2
A-2	14.0
A-3	5.5
Street Lighting	.7
Total	100.0

The staff also recommended a relatively uniform increase in the rates for all the energy-usage blocks and charges to generate the necessary revenue requirement. This recommendation is in harmony with the position taken by protestants.

The staff's recommendations are reasonable and the rate schedules authorized in Appendix A will be based upon such recommendations.

The Company did not make a convincing showing that a fuel adjustment rider was necessary. The staff fuel cost estimate which is adopted herein is set forth on Table 4-B of Exhibit 6. This could provide the base cost if an additional showing by the Company justifies the necessity for such a provision. The matter could be considered in a supplemental ex parte order if so justified.

Findings and Conclusion

The Commission finds that:

1. Applicant is in need of additional revenues, but the proposed rates set forth in the application are excessive.
2. The estimates (Exhibit 6), previously discussed herein, of revenues, operating expense, taxes, depreciation, and rate base for the test year 1972 reasonably indicate the results of applicant's operations for the future.
3. A rate of return of 8.00 percent on the adopted rate base for the year 1972 and return of common equity of approximately 11.3 percent is reasonable.
4. The increases 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 prescribed herein, are for the future unjust and unreasonable.
5. Pursuant to Rule 23.1 of the Commission's Rules of Procedure:
 - (a) The increased rates are expected to provide increased revenue of \$397,000 yearly.
 - (b) The rate of return is expected to average 8.00 percent as compared to 7.18 percent under present rates.

- (c) The increase is cost-justified and does not reflect future inflationary expectations; the increase is reduced to reflect productivity gains; the increase is the minimum rate which is necessary to assure continued and adequate service; and any increase in the rate of return above that allowed previously either is required by an increase in the cost of money, including equity capital, or is necessary to provide for necessary expansion to meet future requirements, and it is the minimum rate of return needed to attract capital at reasonable cost and which will not impair the applicant's credit.
- (d) The procedures of the Commission provided for reasonable opportunity for participation by all interested persons or their representatives.

The Commission concludes that the application should be granted to the extent set forth in the order which follows.

O R D E R

IT IS ORDERED that after the effective date of this order, Sierra Pacific Power Company is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to withdraw and cancel the corresponding presently effective schedules. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of

filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 19th day of DECEMBER, 1972.

Vernon L. Stenger
President
William J. Symon
John J. Sullivan
Paul J. [illegible]
Commissioners

APPENDIX A

Page 1 of 7

RATES - SIERRA PACIFIC POWER COMPANY ELECTRIC DEPARTMENT

Applicant's electric rates, charges and conditions are changed to the level or extent set forth in this appendix.

SCHEDULE D-1RATES

(A) DOMESTIC SERVICE

Energy Charge:

Per Meter
Per Month

First	13 kwhr, or less	\$1.59
Next	37 kwhr, per kwhr	4.2 ¢
Next	250 kwhr, per kwhr	3.16¢
Next	200 kwhr, per kwhr	1.86¢
All Excess	kwhr, per kwhr	1.43¢

Minimum Charge:

The minimum energy charge for service hereunder shall be \$1.59 per month.

(B) COMBINATION DOMESTIC SERVICE: Domestic service in combination with an electric water heater installation in accordance with the Special Conditions below:

Energy Charge:

Per Meter
Per Month

First	13 kwhr, or less	\$1.59
Next	37 kwhr, per kwhr	4.2 ¢
Next	150 kwhr, per kwhr	3.16¢
Next	200 kwhr, per kwhr	1.59¢
All Excess	kwhr, per kwhr	1.43¢

Minimum Charge:

The minimum energy charge for service hereunder shall be \$1.59 per month.

SCHEDULE H-1RATESEnergy Charge:

		Per Meter Per Month
First	300 kwhr, per kwhr	1.62¢
All Excess	kwhr, per kwhr	1.19¢

Minimum Charge:

The minimum energy charge for service hereunder shall be \$1.65 per month provided, however, that no minimum charge hereunder shall apply if customer is purchasing service under one of utility's other rate schedules at this location.

SCHEDULE A-1RATESEnergy Charge:

		Per Meter Per Month
First	13 kwhr, or less	\$1.65
Next	37 kwhr, per kwhr	4.35¢
Next	200 kwhr, per kwhr	3.48¢
Next	500 kwhr, per kwhr	3.27¢
Next	1,750 kwhr, per kwhr	2.73¢
All Excess	kwhr, per kwhr	2.19¢

Minimum Charge:

The Minimum Charge for service hereunder shall be \$1.65 per month plus \$0.53 per kilowatt of total connected load other than lighting in excess of 2 kilowatts. For the purposes hereof a horsepower will be considered as equivalent to a kilowatt.

APPLICABILITY, TERRITORY AND SPECIAL CONDITIONS

Modify as proposed on page 5 of Exhibit No. 1-15 to Application No. 53030.

SCHEDULE A-2RATES

The monthly charge for service hereunder shall consist of a demand charge and an energy charge computed as follows:

Demand Charge:

First 50 kw or less of billing demand - \$123.00
All excess kw of billing demand, per kw at \$2.45

SCHEDULE A-2 (Continued)Energy Charge:

First	3,000 kwhr used per month at 1.81¢ per kwhr
Next	3,000 kwhr used per month at 1.60¢ per kwhr
Next	3,000 kwhr used per month at 1.39¢ per kwhr
Next	3,000 kwhr used per month at 1.13¢ per kwhr
All Excess	kwhr used per month at .87¢ per kwhr

Minimum Charge:

The Minimum Charge for service hereunder shall be the monthly demand charge.

APPLICABILITY, TERRITORY AND SPECIAL CONDITIONS

Modify as proposed on pages 6 and 7 of Exhibit No. 1-15 of Application No. 53030 and add Special Condition No. 7 below.

7. Contracts: A contract will be required for service hereunder for a minimum term of not less than one year.

SCHEDULE A-3RATESDemand Charge:

Per Meter
Per Month

First 1,000 kilowatts or less of billing demand	\$2,460
All excess kw of billing demand, per kw	2.13¢

Energy Charge:

First	150 kwhr used per kilowatt of billing demand, per kwhr	0.96¢
Next	150 kwhr used per kilowatt of billing demand, per kwhr	0.86¢
Next	150 kwhr used per kilowatt of billing demand, per kwhr	0.75¢
All Excess	kwhr used per kilowatt of billing demand, per kwhr	0.65¢

Minimum Charge:

The Minimum Charge for service hereunder shall be the monthly demand charge.

APPLICABILITY

Modify as shown below:

Service hereunder is available to any Customer for any purpose or combination of purposes, provided, however, that (1) all of the power requirements (except emergency standby) of such Customer are supplied by Utility hereunder, (2) that all service hereunder is taken at one point of delivery, and (3) that such Customer shall contract for service hereunder for a minimum term of not less than three (3) years.

SPECIAL CONDITIONS

1. Service hereunder shall be supplied at one standard voltage.
2. Service hereunder shall be supplied at the distribution voltage available.
3. Determination of Demand: The demand for any billing period shall be defined as the maximum measured 15-minute average kilowatt load in the billing period. In instances, however, where the use of energy by a customer is intermittent or subject to violent fluctuations, a shorter time interval may be used and the demand determined from special measurements.

At utility's option, a thermal type of demand meter which does not reset after a definite time interval may be used for demand measurement.

4. Billing Demand: The billing demand hereunder for any billing period shall be the greater of the current period's measured demand; or fifty percent (50%) of the highest billing demand established by the customer during the preceding eleven (11) months; or one thousand kilowatts (1,000 kw).
5. Primary Service: Whenever for the convenience of the customer or utility or both, service is supplied to customer by utility hereunder at the primary voltage available, the demand charge and energy charge of the rate above shall be reduced by two and one-half percent ($2\frac{1}{2}\%$).
6. Primary Metering: Whenever for the convenience of customer or utility or both, service is metered hereunder at the available primary distribution voltage, the demand charge and energy charge of the rate above shall be reduced by two and one-half percent ($2\frac{1}{2}\%$).
7. Power Factor: Utility may, at its option, measure the average power factor of any customer load served hereunder. Whenever the billing demand of such customer in any month exceeds four hundred kilowatts (400 kw) the demand charge and the energy charge of the rate above shall be decreased or increased, respectively, fifteen-hundredths of one percent (0.15%) for each one percent (1%) that the average power factor of such customer's load during such month is more than or less than eighty percent (80%) lagging. The average power factor shall be computed (to the nearest whole percent) from the ratio of total lagging reactive kilovolt-ampere-hours to total kilowatt-hours.
8. Contracts: A contract will be required for service hereunder for a minimum term of not less than three years.

SCHEDULE PARATESEnergy Charge:Per Meter
Per Month

First	13 kwhr, or less	\$1.62
Next	37 kwhr, per kwhr	4.32¢
Next	200 kwhr, per kwhr	3.45¢
Next	250 kwhr, per kwhr	3.24¢
Next	4,500 kwhr, per kwhr	1.73¢
Next	5,000 kwhr, per kwhr	1.46¢
Next	20,000 kwhr, per kwhr	1.30¢
All Excess	kwhr, per kwhr	1.19¢

Minimum Charge:

The minimum energy charge for service hereunder shall be \$1.62 per month.

SPECIAL CONDITIONS

Modify as proposed on page 8 to Exhibit No. 1-15 of Application No. 53030.

SCHEDULE S-4RATES

This rate is applicable to lamps mounted on suitable poles which may also be used to carry utility's distribution system circuits. Lighting equipment will be installed, operated and maintained by utility. Lighting equipment installed shall be as specified by utility as to type of bracket, lamp fixture and overhead supply circuits. Service includes energy, lamp and glass replacements and operation and maintenance of the installation.

A. Series LampsRate Per Lamp Per Month
Installed On

<u>Nominal Lamp Rating</u>	<u>Installed On</u>	
	<u>Wood Poles</u>	<u>Metal Poles</u>
(1) 2,500 Lumens	\$2.12	
(2) 4,000 Lumens	2.88	\$5.05
(3) 6,000 Lumens	3.54	5.71

B. Multiple Lamps

<u>Nominal Lamp Rating</u>		
(1) 60 Watts - 600 Lumens	\$1.21	
(2) 100 Watts - 1,400 Lumens	1.82	
(3) 189 Watts - 2,500 Lumens	2.12	
(4) 220 Watts - 3,200 Lumens	2.78	\$4.95
(5) 340 Watts - 4,800 Lumens	3.59	5.76

APPLICABILITY, TERRITORY AND SPECIAL CONDITIONS

Modify as proposed on pages 9 and 10 of Exhibit No. 1-15 to Application No. 53030 except delete Special Condition No. 4.

SCHEDULE LS-5RATES(A) OVERHEAD SERVICE - UTILITY-OWNED INSTALLATIONS

This rate is applicable to lamps mounted on suitable existing poles which are also used to carry utility's distribution system circuits. Lighting equipment will be installed, operated and maintained by utility. Lighting equipment installed shall be as specified by utility as to type of bracket, lamp fixture and overhead supply circuits. Service includes energy, lamp and glass replacements and operation and maintenance of the installation.

<u>Nominal Lamp Rating</u>	<u>Rate Per Lamp Per Month</u> <u>Installed on</u>		
	(a) <u>Existing Poles</u>	(b) <u>New Wood Poles</u>	(c) <u>New Metal Poles</u>
(1) 7,000 Lumens	\$ 3.64	\$ 4.65	\$ 6.82
(2) 20,000 Lumens	6.06	7.07	9.24
(3) 55,000 Lumens	11.11	12.12	14.29

(B) UNDERGROUND SERVICE - UTILITY-OWNED INSTALLATIONS

This rate is applicable to lamps mounted on poles supplied from underground circuits of utility. Lighting equipment will be installed, operated and maintained by utility. Lighting equipment installed shall be as specified by utility as to type of bracket, lamp fixture and underground supply circuits. Service includes energy, lamp and glass replacements and operation and maintenance of the installation.

<u>Nominal Lamp Rating</u>	<u>Rate Per Lamp Per Month</u>
(1) 3,500 Lumens	\$ 7.58
(2) 7,000 Lumens	8.99
(3) 20,000 Lumens	11.11
(4) 55,000 Lumens	18.94

(C) CUSTOMER-OWNED INSTALLATIONS

This rate is applicable to service where the mercury vapor lighting equipment (including suitable circuits and terminals for connection to utility's overhead system) is installed and owned by the customer. Service includes energy, lamp and glass replacements and operation of the installation, but does not include maintenance or replacement of customer-owned equipment other than lamps and glasses.

<u>Nominal Lamp Rating</u>	<u>Rate Per Lamp Per Month</u>
(1) 20,000 Lumens	\$ 4.80

SPECIAL CONDITIONS

Modify as proposed on page 12 of Exhibit No. 1-15 to Application No. 53030 except delete Special Condition 5.

SCHEDULE OL-1RATES

		<u>All Night Service</u>		
		<u>Rate Per Lamp Installation Per Month</u>		
		<u>Installed on</u>		
		<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
		<u>Existing</u>	<u>New Wood</u>	<u>New Metal</u>
		<u>Poles</u>	<u>Poles</u>	<u>Poles</u>
(A)	<u>Nominal Lamp Rating</u>			
	<u>Overhead Service</u>			
	7,000 Lumens	\$3.25	\$ 4.30	\$ 6.45
	20,000 Lumens	5.40	6.50	8.65
(B)	<u>Underground Service</u>			
	7,000 Lumens		\$ 8.65	\$10.80
	20,000 Lumens		10.80	12.95

SPECIAL CONDITIONS:

Modify as proposed on pages 13 and 14 of Exhibit No. 1-15 to Application No. 53030 except revise Special Conditions Nos. 2 and 3 as shown below and delete Special Condition 11:

2. An additional charge of \$1.35 per month will be made for each wood pole, and \$4.60 per month for each metal pole installed for service under this schedule which is in excess of the number of lamp installations installed.
3. An additional charge of \$4.35 per month will be made for each 130 feet or part thereof of underground service required in excess of 130 feet per pole.