

ORIGINAL

Decision No. 82117

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of BAY POINT LIGHT & POWER COMPANY,
a California Corporation, for
authority to revise its rates to
offset the increased cost of pur-
chased electric power used for
resale to consumers.

Application No. 53930
(Filed March 28, 1973;
amended June 29, 1973)

Robert J. Rossi, Attorney at Law, for
Bay Point Light & Power Co., applicant.
Leroy L. Vulcad, for Contra Costa County,
interested party.
Erwin Endres, for the Commission staff.

O P I N I O N

After due notice, public hearing was held before Examiner Coffey on July 16, 1973, in Concord, on this request of Bay Point Light & Power Company to revise its rates to offset the increased cost of purchased power. Upon receipt of late-filed Exhibit No. 2, this matter was submitted on September 4, 1973.

Bay Point Light & Power Company provides electric service to about 264 customers in the community of Clyde and Port Chicago near Concord, Contra Costa County. Applicant purchases all of its energy for resale from the Pacific Gas and Electric Company (PG&E). The Bay Point Projects, Inc., a family-owned California corporation, controls applicant.

On April 1, 1973, applicant's power costs were increased 22 percent by its sole supplier, PG&E, pursuant to PG&E's application for a rate increase with the Federal Power Commission in Docket No. E-7777.

On June 4, 1973, applicant received notice from PG&E that effective June 1973 a fuel cost adjustment of 0.064 cents per kilowatt hour would be added to applicant's bill for the total kwh used. The adjustment for fuel costs by PG&E was also promulgated pursuant to Federal Power Commission Docket No. E-7777.

Applicant requests an increase of 0.335 cents per kilowatt hour for all energy charge blocks.

The following tabulation compares the estimates by the applicant and the staff of the results of operation in the test year 1972 at proposed rates:

<u>Item</u>	<u>Test Year 1972</u> <u>Proposed Rates</u>	
	<u>Staff</u>	<u>Utility</u>
Operating Revenues	\$86,750	\$86,780
Production Expenses	45,980	46,040
Transmission & Distribution Expenses	19,477	30,986
General Expenses	12,960	14,876
Taxes	<u>4,622</u>	<u>4,787</u>
Total Operating Expenses Before Deprec.	83,039	96,689
Net Revenue Before Depreciation	3,711	(9,909)
Depreciation	8,417	8,417
Net Revenue After Depreciation	(4,706)	(18,326)

(Inverse Item)

The foregoing estimates indicate that applicant would sustain a loss under the proposed rates. The staff, in Exhibit No. 1, presented the result of its review of applicant's request, making a number of adjustments for expenses which properly should have been capitalized, for excessive expenses, and for expenses incurred for affiliated non-utility operations.

Neither applicant nor staff has presented an analysis of the rate base. Applicant's late-filed Exhibit No. 2 shows that as of December 31, 1972, the plant balance as recorded is \$238,971.32. Applicant stated the depreciated rate base to be \$165,640; but this rate base appears to be excessive due to non-operative property resulting from the purchase of the community of Port Chicago by the U. S. Government to set up a safety zone adjacent to a naval ammunition depot and loading facilities. This record indicates that applicant was not compensated for the loss of its customers in Port Chicago, but such circumstances do not justify a burden on applicant's present customers for a non-operative property.

Information supplied by applicant at the request of the hearing officer, included in late-filed Exhibit No. 2 and thus untested by staff review, indicates that plant relating to Port Chicago amounted to \$82,670.99 before naval acquisition of Port Chicago. Of this amount, only \$18,984 has been retired from plant and \$10,195.44 represents plant transferred to serve Clyde customers. Applicant maintains that \$9,873.09 represents the value of items not in use and not retired. This record does not disclose what portion of the remaining \$53,491.55 relates to plant that may be of questionable usefulness in serving the customers in Clyde or the nine services remaining from the approximately 600 which were served in the Port Chicago area.

However, for the purposes of this proceeding, we will assume that anticipated rate base adjustments will not result in excessive earnings due to decreased plant, operating and maintenance

expenses, taxes, and depreciation. Before applicant requests any general increase in rates it should correct its plant and depreciation accounts to eliminate non-operating property resulting from the loss of customers in Port Chicago.

Findings

1. Applicant is in need of additional revenues, and the proposed rates set forth in the application are reasonable.
2. Staff's estimates, previously discussed herein, reasonably indicate the results of its operations for the future and are adopted.
3. 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.

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, Bay Point Light & Power Company is authorized to file the revised rate schedules attached to this order as Appendix A, and concurrently to withdraw and cancel the similar 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 is the date hereof.

Dated at San Francisco, California, this 13th
day of NOVEMBER, 1973.

Hermon L. Spurgeon
President
William Symons Jr.
William L. ...
...
Commissioners

APPENDIX A
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RATES - BAY POINT LIGHT & POWER COMPANY

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

SCHEDULES NOS. A-1, A-2, D-1, D-2, H-1, P-1, and P-2

Increase all energy rate blocks 0.334¢ per kilowatt hour.

SCHEDULE NO. A-3

Increase the first 6,000 kilowatt hour or less per month charge from \$150 to \$165. Increase all energy rate blocks 0.334¢ per kilowatt hour.

SCHEDULE NO. 1S

Increase the rate per lamp per month to the following level.

<u>Incandescent Lamps</u>	<u>Rate Per Lamp Per Month</u>	
	<u>All Night Service</u>	<u>Midnight Service</u>
1,000 Lumens	\$ 2.00	\$1.70
2,500 Lumens	3.15	2.65
4,000 Lumens	3.90	3.15
6,000 Lumens	4.70	3.80
10,000 Lumens	6.50	5.10
15,000 Lumens	8.50	6.50
25,000 Lumens	12.60	9.30
<u>Mercury Vapor Lamps</u>		
11,000 Lumens	7.20	5.95
15,000 Lumens	8.15	6.80
20,000 Lumens	8.90	7.20

PRELIMINARY STATEMENT

Add to the Preliminary Statement new paragraph 6 as follows:

6. CONTINGENT REFUNDS AND RATE REDUCTION

- (a) Bay Point Light and Power will refund to its customers all refunds including interest received from Pacific Gas and Electric, pursuant to an order from the Federal Power Commission, relating to a reduction in wholesale power cost for the period the utility rates are in effect pursuant to Decision No. _____. The refunds to customers will be made in direct proportion to their energy purchases.

PRELIMINARY STATEMENT (Continued)

6. CONTINGENT REFUNDS AND RATE REDUCTION (Continued)

- (b) Bay Point Light and Power will reduce its rates by an aggregate amount equal to any reduction in wholesale power costs by Pacific Gas and Electric pursuant to an order from the Federal Power Commission by appropriately reducing all rate blocks of the utility's schedules through a subsequent tariff filing.