

ORIGINAL

Decision No. 82744

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of Plumas-Sierra Rural Electric
Cooperative for authority to
increase its rates for electric
service in California.

Application No. 54161
(Filed July 9, 1973;
amended July 17, 1973 and
March 22, 1974)

Martin McDonough, for applicant.
Donald W. Hicks, for Surprise Valley Electric
Cooperative, and G. J. Whittlinger, for
Anza Electric Cooperative, Inc., interested
parties.
James T. Quinn, for the Commission staff.

INTERIM OPINION

Applicant is a nonprofit corporation formed under the laws of California, supplying electric service to its members, and is subject to the jurisdiction of this Commission. Its principal place of business is located at Portola, California.

Applicant owns and operates an electric distribution system extending over a service area of about 2,000 square miles in Plumas, Sierra, and Lassen Counties, California, and in small part, Washoe County, Nevada, with a total of 2,338 customers in 1972.

Applicant's rates were originally established in 1938. A reduction in those rates was effected in 1965.

On June 9, 1973 applicant filed its request to increase rates because it had reason to believe that the United States Bureau of Reclamation was preparing to raise the price of Central Valley Project Power it sells to applicant by 53 percent.

By amendment dated July 17, 1973 applicant stated that:

"By letter dated November 12, 1973, the Bureau of Reclamation has announced rate increases applicable to Plumas-Sierra Rural Electric Cooperative. These increases are effective April 1, 1974, and amount to approximately a 23% increase in wholesale power costs to the Applicant.

* * *

"Unless it is permitted to increase its rates effective April 1, 1974, in an amount sufficient to offset the increased costs of wholesale power purchased by it from the Bureau, the Applicant will face a dire financial emergency. As shown on page 5a of its 'General Report on the Results of Operation (Revised March 1974)', (1) applicant expects that its present retail rates and all other sources of revenue will fall by \$60,403 in 1974 to equal its operating expenses and other revenue deductions.

"Applicant is no longer able to obtain all of its borrowed money from the Rural Electrification Administration ('REA'), but must now obtain a portion of each borrowing from the National Rural Utilities Cooperative Finance Corporation ('CFC'). By the terms of supplemental mortgages of property to REA and CFC, Applicant has secured loans of money from REA and CFC with all of its real and personal property, and has thereby made foreclosure a remedy available to the mortgagees [sic]. The mortgagees are entitled to assign their interests in the mortgages to other parties, and Applicant believes that CFC has made an assignment of its interest to the Manufacturers Hanover Trust Company. This Commission has granted Applicant authority to enter into these loan transactions by its Decision 80731 on Application 53655, dated November 14, 1972, and by its

1/ Exhibit 2.

Decision 82005 on Application 54342, dated October 16, 1974 [sic].

"It is necessary for Applicant to be able to meet its debt service obligations to avoid foreclosure of any portion of its property or plant dedicated to public service. In addition, Applicant's inability to make payments on principal and interest on outstanding loans now will make it difficult or impossible for Applicant to obtain non-governmental loans in the future, which are necessary to Applicant's continued operation.

"In support of its request for an interim emergency rate increase, effective April 1, 1974, Applicant will at the hearing on this application, in addition to the files in Applications Nos. 53655 and 54342, rely on its 'General Report on the Results of Operation (Revised March 1974)'...."

Applicant requests immediate permission to increase its rates, and each of them, by 6.5 percent, on an interim emergency basis.

Public hearing was held before Examiner Gillanders at Portola on March 28, 1974. Applicant had published, mailed, and posted notice of the hearings in accordance with this Commission's rules of procedure. Applicant's motion for interim relief was submitted on March 28, 1974. Eighteen members of the public attended the hearing, all of whom were in favor of applicant's request.

Testimony on behalf of applicant was presented by its general manager.^{2/} Testimony on behalf of the Commission staff was presented by a registered professional engineer.^{3/}

According to applicant's general manager, the increased power costs effective April 1, 1974 will amount to about \$4,000 per month.

The staff engineer recommends an interim increase of \$40,600 spread on a cents per kilowatt-hour basis.

Findings

1. Applicant buys all of its power from the United States Bureau of Reclamation.

2. The Bureau of Reclamation will increase the cost of the power it sells to applicant by approximately 23 percent beginning with power purchases during the month of April.

3. Applicant's evidence showed that an increase of this magnitude will place it in a precarious financial condition.

Conclusion

Applicant should be allowed to pass through to its members the increased cost of purchased power by adding 6.5 percent to each bill rendered, until such time as a final decision is rendered in this matter.

^{2/} Applicant presented its entire case for rate relief.

^{3/} The staff presented evidence only on applicant's request for interim rate relief.

INTERIM ORDER

IT IS ORDERED that:

1. Applicant is authorized to file with this Commission, on or after the effective date of this order, revised tariff schedules providing for a 6.5 percent increase to each bill rendered on or after May 1, 1974. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be May 1, 1974, but shall be on not less than three days' notice to the Commission.

2. Further public hearing shall be scheduled on this application at a date to be set.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16 th
day of APRIL, 1974.

William J. Sugars, Jr. President
[Signature]
[Signature]
[Signature] Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.