

Decision No. 83979

ORIGINAL

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 authority
to increase its rates for electric
service to just offset the increased
cost of power in its Lassen and Weaverville
Divisions.

} Application No. 55173
(Filed September 16, 1974)

O P I N I O N

By this application, as amended in a letter dated September 18, 1973, California-Pacific Utilities Company, a California corporation (applicant)^{1/}, requests increases in electric rates for its Lassen and Weaverville Divisions to offset an increase in purchased power expense. The request is designed to increase annual revenues by \$130,700 in its Lassen Division and \$8,800 in its Weaverville Division.

Applicant purchases all its power for its Lassen and Weaverville Divisions from Pacific Gas and Electric Company (PG&E). On July 24, 1974, PG&E filed for an increase in rates with the Federal Power Commission (FPC) that would result in an increase in the cost of purchased power for applicant's Lassen and Weaverville operations. In its order issued August 22, 1974, in Dockets Nos. E-8928 and E-7777, the FPC authorized the proposed rates to become effective August 24, 1974, subject to refund after hearing and final decision.

^{1/} Applicant owns and operates public utility electric, gas, water and telephone systems in various parts of California; electric, gas, and telephone systems in Oregon; electric, gas, water and telephone systems in Nevada; and electric systems in Utah and Arizona. Applicant is also engaged in the nonutility sale of liquefied petroleum gas in Oregon. Applicant's principal place of business is located at San Francisco, California.

Present rates for the Lassen and Weaverville divisions are designed to recover purchased power expenses at the level of PG&E's R-Schedule in Docket No. E-7777 which became effective April 28, 1973. Both divisions also have purchased power clauses that track monthly by advice filing any increase or decrease to the R-Schedule brought about by PG&E's fuel cost adjustment factor. By this application, the applicant has requested to revise present rates in the Lassen and Weaverville divisions to offset the increase in base rates as a result of PG&E's FPC Docket No. E-8928 filing that became effective August 24, 1974. The requested increase in base rates does not affect the operation of the purchased power clause already authorized by this Commission since the increase granted PG&E did not affect the fuel cost adjustment factor in its R-Schedule.

Applicant determined the increase in cents per kwhr purchased during the 1973 recorded year and applied this to 1973 test year purchases to develop the increased revenue requirement for the Lassen and Weaverville divisions. This method yielded offset increase requests of .100¢/kwhr and .049¢/kwhr for the Lassen and Weaverville divisions, respectively.

The staff examined the applicant's request and incorporated the following adjustments. The staff developed a revenue increase calculation based on 1973 recorded billing data. Calculations were not made for the 1973 test year because the billing data required was not available. The staff in making its review located and corrected an arithmetical error of approximately \$1,200. The adjusted applicant request for Lassen division rates is .098¢/kwhr for an annual increase of approximately \$125,500 and for Weaverville division rates is .051¢/kwhr for an annual increase of approximately \$9,000. We will accept this adjusted request as reasonable.

Because of the recency of Decision No. 82711 in Lassen division's Application No. 53884 and Decision No. 83642 in Weaverville division's Application No. 54223, the summaries of earnings found reasonable in those decisions can be used to test the effects of the adjusted revenue increases, which are shown in Tables 1 and 2 for the Lassen and Weaverville divisions, respectively.

Notices of the application were served in accordance with Rule 24 and no responses were received.

TABLE 1

EFFECT OF OFFSET INCREASE ON SUMMARY OF EARNINGS
Lassen Division - 1973

Item		: Increase in: : From Commission: Expenses : Adjusted : D-82711 : and Revenue: Summary of : (4/9/74) : Requirement: Earnings :	
Operating Revenues	\$2,421,000	\$125,529	\$2,546,529
<u>Operating Expenses</u>			
Purchased Power	1,436,300	123,394	1,559,694
Other Expenses	661,944	2,135	664,079
Total Operating Expenses	2,098,244	125,529	2,223,773
Net Revenues	322,756	-	322,756
Depreciated Rate Base	3,866,600	-	3,866,600
Rate of Return	8.35%	-	8.35%

TABLE 2

EFFECT OF OFFSET INCREASE ON SUMMARY OF EARNINGS
Weaverville Division - 1973

Item		: Increase in: : From Commission: Expenses : Adjusted : D-83642 : and Revenue: Summary of : (10/22/74) : Requirement: Earnings :	
Operating Revenues	\$392,500	\$8,983	\$401,483
<u>Operating Expenses</u>			
Purchased Power	228,400	8,792	237,192
Other Expenses	120,220	191	120,411
Total Operating Expenses	348,620	8,983	357,603
Net Revenues	43,880	-	43,880
Depreciated Rate Base	493,490	-	493,490
Rate of Return	8.89%	-	8.89%

Findings

1. Applicant purchases all its power for its Lassen and Weaverville divisions from PG&E.
2. Applicant's purchased power expense has increased as a result of PG&E's authorization by the FPC to make effective as of August 24, 1974 an increase in its resale schedule.
3. Notices of the application were served in accordance with Rule 24 and no responses were received.
4. Any refunds received from PG&E will be passed to its customers in accordance with the provisions of applicant's preliminary statement.
5. The revenue of the Lassen and Weaverville divisions should be increased by approximately \$125,500 and \$9,000, respectively, on an annual basis to offset increases in the cost of purchased power.
6. The rates in the Lassen division should be increased by .098¢/kwhr and those in the Weaverville division by .051¢/kwhr.
7. A public hearing is not necessary.

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

O R D E R

IT IS ORDERED that California-Pacific Utilities Company is authorized to file with this Commission, on or after the effective date of this order, revised tariff schedules with changes in rates, charges, and conditions as set forth in Appendix A attached hereto. 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 effective date of this order shall be ten days after the date hereof.

Dated at San Francisco, California, this 14th day of JANUARY, 1975.

Vernon L. Spillane
President
William J. Lynch
Stanley A. ...

Commissioners

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RATES - CALIFORNIA-PACIFIC UTILITIES COMPANY

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

PRELIMINARY STATEMENT

Revise Paragraph 2 under Contingent Refunds and Rate Reductions to read:

2. The utility shall pass on to its customers by Advice Letter procedures any reduced purchased power rates, and refund to its customers with 7% interest any refunds, resulting from a reduction in Resale Service Schedule R-1 from Pacific Gas and Electric Company, pursuant to Order of the Federal Power Commission in Docket No. E-7777 and Docket No. E-8928.

LASSEN DIVISION SCHEDULES NOS. D-110, A-120, C-128, P-130, P-140

Increase all energy rate blocks .098¢ per kilowatt hour.

LASSEN DIVISION SCHEDULES NOS. LS-154, LS-156

Increase the charges per lamp per month as follows:

Incandescent Lamps

1,000 Lumens	\$.03
2,500 Lumens	.06
4,000 Lumens	.10
6,000 Lumens	.13

Mercury-Vapor Lamps

7,000 Lumens	.06
11,000 Lumens	.09
20,000 Lumens	.14

Fluorescent Lamps

20,000 Lumens	.14
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WEAVERVILLE DIVISION SCHEDULES NOS. A-121, C-129, D-111, P-131, P-141

Increase all energy rate blocks .051¢ per kilowatt hour.

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RATES - CALIFORNIA-PACIFIC UTILITIES COMPANY

WEAVERVILLE DIVISION SCHEDULE NO. LS-157

Increase the charges per lamp per month as follows:

Incandescent Lamps

1,000 Lumens	\$.02
2,500 Lumens	.03
4,000 Lumens	.05

Mercury-Vapor Lamps

7,000 Lumens	.03
11,000 Lumens	.05
20,000 Lumens	.07

Mounted on Steel Poles

20,000 Lumens	.07
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LASSEN AND WEAVERVILLE SCHEDULE OL-150

Increase the charges per lamp per month as follows:

Mercury-Vapor Lamps

7,000 Lumens	.05
20,000 Lumens	.10