

Decision No. 85278

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application
of the SOUTHERN CALIFORNIA WATER
COMPANY for an order authorizing
a general rate increase in its
Bear Valley Electric District.

Application No. 55318
(Filed November 12, 1974)

Agnew, Miller & Carlson, by William J.
Bogaard, Attorney at Law, for appli-
cant.

James T. Quinn, Attorney at Law,
Janice E. Kerr, Attorney at Law,
Gregory J. Hobbs, and C. Frank
Filice, for the Commission staff.

O P I N I O N

Southern California Water Company (SCWC) seeks authority to increase its rates for electric service in its Bear Valley District to increase annual operating revenues for test year 1975 from its estimate of \$1,428,700 to \$1,783,200, an increase of 24.8 percent, or \$354,500, in order to earn \$304,110, or 9.34 percent on its rate base which it contends is \$3,256,000.

Decision No. 85122 dated November 18, 1975 in Application No. 55559, filed March 12, 1975, four months after the filing of the within application, authorized SCWC to increase its rates 0.413 cents per kwh on a uniform basis to offset the effect, after line losses, of Southern California Edison Company's (Edison) general rate increase in Schedule No. R-2 effective September 7, 1973 in Federal Power Commission Docket No. E-8176. This would increase total revenues for test year 1975 by \$159,600; this sum deducted from the \$354,500 sought by SCWC in order for it to have

a 9.34 percent on its rate base for test year 1975 would require additional operating revenue of approximately \$194,900.

SCWC, a California corporation, renders public utility water service in portions of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino, and Ventura Counties. It also renders public utility electric service in its Bear Valley District in the vicinity of Big Bear Lake in San Bernardino County.

The Bear Valley District electric system consists of approximately 15.8 miles of 33 kv transmission lines, approximately 133 miles of 2.4/4.16 kv distribution lines, and eight substations with a combined capacity of 13,450 kva. SCWC purchases electric energy for resale from Edison on Resale Service Schedule No. R-1 at Harnish Substation and on Resale Service Schedule No. R-2 at Gold Mountain.

On December 31, 1974 there were 11,171 electric customers served. Service is also provided to 427 street lights. As of December 31, 1974 the cost of fixed capital in the Bear Valley Electric District was \$5,052,000 with a depreciation reserve of \$1,686,952, or a net book cost of \$3,365,048.

After notice, public hearings were held before Examiner James D. Tante on August 28 and 29, 1975 in Big Bear Lake. Application No. 55559 was consolidated for hearing and heard with this application and was severed from this application and submitted at the close of the hearing on August 29, 1975. Public hearings were also held in Los Angeles on October 14 and 15, 1975 and this matter was submitted at the close of the hearing on October 15, 1975, subject to receipt of staff's late-filed Exhibit 14, a recommendation concerning the lifeline quantity and rate, on or before October 24, 1975.

Testimony in behalf of SCWC was presented by its president, its senior vice president, the chairman of its finance and budget committee, its vice president for operations, and the manager of its rate and valuation department. The Commission staff presentation was made by an engineer and a financial examiner. One customer spoke in opposition to the increase. Four letters opposing the increase were received. Exhibits 1 through 14 were received in evidence.

SCWC's basic rates were set by Decision No. 48084 dated December 22, 1952. In the early 1960's there were five rate reductions filed by advice letter. By Decision No. 83290, dated August 6, 1974, it was authorized to offset the August 4, 1974 general resale rate increase of its supplier, Edison, and to adopt a purchased power adjustment clause that would increase or decrease its rates to track increases or decreases in Edison's monthly fuel clause adjustment rate. Procedurally, this authority is implemented by monthly tariff filings that are reviewed by the Commission. As of November 1, 1974, SCWC has specific authority to offset Edison's August 4, 1974 general resale rate increase by adding 0.343 cents per kwh to each kwh billed and to offset Edison's fuel adjustment increase by adding 0.385 cents to each kwh billed for a total purchased power adjustment clause rate charged by it of 0.782 cents per kwh. By Decision No. 85122 it has authority to offset Edison's fuel adjustment increase by an additional 0.413 cents per kwh.

Results of Operation

The following tabulation compares the estimated summary of earnings for test year 1975 at rates in effect November 14, 1974 (present rates) and proposed rates. SCWC and the staff stipulated that for the purpose of this application the staff's estimate of the results of operation for test year 1975 as set forth in the tabulation is correct. We approve the stipulation, find the staff's estimates to be reasonable, and adopt the staff's estimates of the results of operation.

SUMMARY OF EARNINGS
(Test Year 1975)

Item	Present Rates		Proposed Rates	
	Staff	Company	Staff	Company
(Dollars in Thousands)				
Operating Revenues	\$1,476.0	\$1,428.7	\$1,841.5	\$1,783.2
<u>Operating Expenses</u>				
Operation & Maintenance	940.6	913.4	941.8	913.4
Administrative & General	53.9	53.4	53.9	53.4
Taxes Other Than Income	133.2	133.4	137.7	138.0
Depreciation	151.0	153.5	151.0	153.5
Allocated Common Expenses	40.0	41.4	40.0	41.4
Subtotal	\$1,318.7	\$1,295.1	\$1,324.4	\$1,299.7
Federal & State Income Taxes	2.1	(4.9)	191.7	179.4
Total Operating Expenses	\$1,320.8	\$1,290.2	\$1,516.1	\$1,479.1
Net Operating Revenues	\$ 155.2	\$ 138.5	\$ 325.4	\$ 304.1
Depreciated Rate Base	\$3,251.0	\$3,256.0	\$3,251.0	\$3,256.0
Investment Tax Credit Reduction	\$ 11.1	-	11.1	-
Net Depreciated Rate Base	\$3,239.9	\$3,256.0	\$3,239.9	\$3,256.0
Rate of Return	4.79%	4.25%	10.04%	9.34%

(Inverse Item)

Rate of Return

SCWC requested authorization of rates which would increase its rate of return on rate base to 9.34 percent. It estimated that a return of 9.34 percent on rate base would yield a return on common equity of 14-1/2 to 15-1/2 percent.

The chairman of SCWC's finance and budget committee testified that investment in public utilities is not considered conservative by the investing public, that other types of securities are more in demand, and that mutual funds have little invested in public utility securities. He stated that SCWC has a large amount of low interest debt falling due in the near future, and that it is necessary for SCWC to have an income of 15 percent on common equity or 9 to 9-1/2 percent on rate base, to obtain sufficient funds by debt at a reasonable rate of interest, and to be able to improve the demand for its common stock.

A financial examiner for the Commission staff presented a rate of return study which was received in evidence as Exhibit 11. He concluded that a rate of return of 8 to 8.30 percent would be favorably comparable to other similar utilities, would be sufficient to enable SCWC to obtain necessary funds at reasonable rates of interest and to maintain its financial integrity, and that such a rate of return would be equitable to the consumers and investors of SCWC. He recommended authorization of rates to yield a rate of return in the range of 8 to 8.30 percent on rate base.

The staff derivation of SCWC's capital structure as of December 31, 1974 is reasonable. Based upon that capital structure, a rate of return in the range of 8 to 8.30 percent would yield 12.19 to 13.03 percent on common equity and would provide after-tax interest coverage ranging from 2.66 times to 2.76 times for test year 1975.

A rate of return of 8.30 percent on rate base is reasonable and will be adopted. This will result in an increase of total revenues for test year 1975 to \$1,720,026, which is \$244,026 (16.53 percent) over revenues \$1,476,000 based upon present rates. Deducting the \$159,600 offset increase from \$244,026 would authorize an additional increase of \$84,426 (5.7 percent).

For many years SCWC's electric tariffs have contained special rate schedules that allow employees to receive a 50 percent discount for domestic electric service. This discount was, in a time of abundant energy and stable utility rates, countenanced as an innocuous tax-free fringe benefit and rationalized

as a substitute for monetary compensation that would be subject to personal income taxes. Under present conditions, however, these discounts tend to discourage conservation and, as they apply to the employee's total electric bill, act to increase compensation each time rates are increased, whether by the operation of the electric fuel cost adjustment or by general rate increases.

We recognize that the employees consider the discounts as part of their total pay package. Under present conditions, however, employee discounts for electric service are no longer appropriate. It is our intention at the first opportunity, consistent with allowing sufficient time for consideration of the elimination of discounts in collective bargaining negotiations, to cancel Schedule DE.

SCWC's present rates provide that an applicant for service". . . shall be required to pay at the time of application a service charge of \$8.00. . . ." (Exhibit 5, Table 12-A.) Its proposal to retain this provision was objected to by staff, who proposed to eliminate this provision and add a provision: "If service is discontinued at the consumer's request and service is subsequently requested by the former consumer at the same place, a reconnection charge of \$25 may be made before service is renewed." SCWC's senior vice president testified that the cost to connect and disconnect was approximately \$10 and that administratively it would be very difficult to determine whether a request for service was a request for reconnection at the same place by a former consumer or not; therefore, it would not know whether the applicable charge for connecting was \$25 or nothing. He stated that the Bear Valley District is a seasonal recreational area and includes many second homes, and that many consumers who would be away from that area for extended periods of time would discontinue service for that period, and that SCWC's cost to

render service during that time would exceed \$4 per month in addition to the cost of disconnecting and reconnecting, so that it would agree with the staff's proposal if altered to apply to all new connections or reconnections and the provision was to be a part of the tariff.

The effect of SCWC's counterproposal is to increase its present connection charge from \$8 to \$25 and is not adopted. The proposal by the staff is difficult to administer and is not adopted. SCWC's present connection charge of \$8 is reasonable and is adopted.

The Bear Valley District is located in the San Bernardino Mountains and the service area surrounds Big Bear Lake. The area is primarily a mountain resort with many vacation homes and cabins. Approximately 76 percent of the domestic customers have permanent residences away from the area and most of these receive their bills at their permanent addresses. The permanent population of the area is 8,000 to 12,000, but on occasion as many as 100,000 people are there. Approximately 2,500 of the domestic customers are permanent residents and 8,000 are not. Domestic customers consume 49 percent of the electric energy sold by SCWC, so that if the entire rate increase authorized by this decision was applied only to the 51 percent of its sales to nondomestic users, a heavier burden would be placed upon such nondomestic users than would be the case in areas where nondomestic users account for a much larger percentage of sales.

The average use of electric energy per domestic customer is 150 kwh each month and 75 percent of all billings to domestic customers is for 200 kwh or less per month. Generally, the permanent domestic residents use electric energy

for light, refrigeration, and small appliances, and not for heating or for hot water, and do not have air conditioning.

SCWC proposed that a lifeline rate be established to apply to the first 250 kwh per month and be available only to the permanent residents of the Bear Valley District. SCWC defined a permanent resident of Bear Valley as one who maintains only one residence and that residence receives electric service from the Bear Valley Electric District and who regularly receives mail, including bills from SCWC, through the United States Post Office located at Big Bear City, Big Bear Lake, Fawnskin, or Sugarloaf. It proposes that the lifeline rate for permanent residents for the consumption of 250 kwh per month remain the same as in effect on January 1, 1976 including the .343 cents per kwh offset previously authorized and the .413 cents per kwh offset authorized by Decision No. 85122 dated November 18, 1975 plus the variable purchased power factor then in effect, and the increase authorized by this decision be applied to the use of electric energy in excess of 250 kwh by those domestic customers entitled to the lifeline rate, to domestic customers not entitled to the lifeline rate, and to all nondomestic customers. The staff in Exhibit 14 developed lifeline rates for permanent customers with a monthly consumption of 250 kwh to be the same as that in effect prior to Decision No. 85122. The staff recommended the revenue differential resulting from lifeline be spread to all usage other than lifeline and that the rate design be structured as proposed by the staff in its results of operations report with appropriate adjustment to meet the revised revenue requirement for the rate of return to be established. The staff recommendations are reasonable and will be adopted.

The average residential user of electric energy in the Bear Valley District is a user whose permanent residence is in that district and a lifeline quantity of electric energy necessary to supply the minimum energy needs of such average residential user is 250 kwh per month.

The staff's late-filed Exhibit 14 sets forth:

"On the assumption that a decision on A-55318 is not rendered prior to January 1, 1976, rate design will, in all probability, require guidance emanating from Case 9988. In this connection it is to be noted that the Commission's Order Instituting Investigation, Case 9988, states: 'General rate cases for several of the major utilities are before the Commission presently. Decisions in these cases rendered after the first of the year must necessarily take into account the requirements of the Miller-Warren Energy Lifeline Act.'"

The rate design set forth in Appendix A to Exhibit 14 with no change in the first 250 kwh of the lifeline rate is in compliance with the provisions of the Miller-Warren Energy Lifeline Act. This case involves a unique situation and the Commission's Order Instituting Investigation pertaining to lifeline rates, Case No. 9988, filed October 7, 1975, may not be of assistance in resolving this case.

Findings

1. A reasonable estimate of SCWC's results of operation for test year 1975 at present rates is:

SUMMARY OF EARNINGS
(Test Year 1975)

Item	Adopted at	Present Rates
(Dollars in Thousands)		
Operating Revenues		\$1,476.0
<u>Operating Expenses</u>		
Operation & Maintenance		940.6
Administrative & General		53.9
Taxes Other Than Income		133.2
Depreciation		151.0
Allocated Common Expenses		40.0
Subtotal		\$1,318.7
Federal & State Income Taxes		2.1
Total Operating Expenses		\$1,320.8
Net Operating Revenues		\$ 155.2
Depreciated Rate Base		\$3,251.0
Investment Tax Credit Reduction		\$ 11.1
Net Depreciated Rate Base		\$3,239.9
Rate of Return		4.79%

2. A rate of return of 8.30 percent applied to the rate base adopted herein is reasonable. Such a return will yield 13.03 percent on common equity and provide interest coverage of 2.76 times after taxes.

3. A permanent resident of Bear Valley is one who maintains only one residence and that residence receives electric service from the Bear Valley Electric District and who regularly receives mail, including bills from SCWC, through the U.S. Post Office located at Big Bear City, Big Bear Lake, Fawnskin, or Sugarloaf.

4. A lifeline quantity of electric energy necessary to supply the minimum energy needs of the average residential domestic user for space and water heating, lighting, cooking, and food refrigeration is 250 kwh per month.

5. The rates contained in Appendix A attached to this decision are reasonable for 1975. These rates should yield revenues of \$1,720,026, an increase of \$244,026 (16.53 percent) over 1975 revenues at present rates, and an increase of \$84,426 (5.16 percent) over 1975 revenues authorized by Decision No. 85122.

6. The increases in rates and charges authorized by this decision are justified and are reasonable, and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

Conclusion

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:

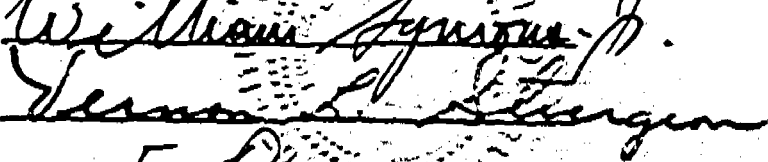
After the effective date of this order, applicant, Southern California Water Company, is authorized to file the revised tariff schedules attached to this order as Appendix A.

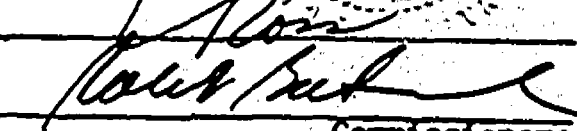
Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be one day after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 30th day of DECEMBER, 1975.



President




Commissioners

APPENDIX A
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RATES - BEAR VALLEY ELECTRIC DISTRICT

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

PRELIMINARY STATEMENT

Section 7 of the Preliminary Statement shall read as follows:

7. Purchased Power Adjustment Clause

- (a) The monthly charges for service otherwise applicable under each of the utility's rate schedules shall be increased or decreased by an adjustment amount in accordance with increases or decreases in the cost of purchased power resulting from Edison's fuel cost adjustment above or below that in effect prior to May 2, 1974. Edison's fuel cost adjustment is that billed to the utility by Southern California Edison Company in accordance with Resale Service Schedules R-1 and R-2.

- (b) The adjustment shall be computed by multiplying the change in Edison's fuel cost adjustment above or below that in effect prior to May 2, 1974 by a factor of 1.167.

The product so obtained rounded to the nearest hundredth of a mil (\$0.00001) shall be the adjustment per KWH.

The 1.167 factor is the ratio of purchased power to power sold in KWH (1.153) times the ratio of total revenues to revenues less street franchise taxes (1.012) for the recorded year 1974.
(1.153 x 1.012 = 1.167).

- (c) The adjustment for lifeline usage shall not exceed .951¢/kwhr. Any increase above .951¢/kwhr shall be spread to all usage other than lifeline.
- (d) Each adjustment per KWH shall be filed with the California Commission for approval on or before the first day of the month preceding the billing month during which such adjustment per KWH is intended to become effective. The adjustment per KWH shall be applied to service

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RATES - BEAR VALLEY ELECTRIC DISTRICT

PRELIMINARY STATEMENT (Continued)

rendered on and after the effective date and thereafter until the next such adjustment becomes effective.

- (e) The adjustment amount to be added or subtracted from each bill shall be the product of the total KWH for which service is rendered, multiplied by the applicable adjustment per KWH, except that for purposes of applying the purchased power adjustment to Schedule LS, the monthly consumption per lamp rating contained in Schedule LS will be used.
- (f) Any refund from Edison, to the extent that a corresponding rate increase has been passed on to the utility's customers, shall be promptly refunded, together with any associated interest, to utility's customers. A refund plan shall be filed with the Commission when such portion of the refunds has accumulated to a total of \$10,000 or more. In the event such monies are not refunded within 30 days after receipt, the utility shall refund such monies with 7% interest.
- (g) Effective for service rendered on or after December 31, 1975, the adjustment per KWH for lifeline consumption is .951¢ per KWH and the adjustment for all other usage is .951¢ per KWH.

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RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE NO. D

Schedule No. D will be replaced by the following schedules for permanent and non-permanent domestic customers:

SCHEDULE NO. DL DOMESTIC SERVICE - LIFELINEAPPLICABILITY

Applicable only to permanent residents of Bear Valley for domestic single-phase service including lighting, heating, cooking and power or combination thereof in a single-family accommodation; also to permanent domestic single-phase farm service when supplied through the farm operator's domestic meters.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES

Energy Charge:

Per Meter
Per Month

First 250 kwhr, per kwhr	3.204¢
Over 250 kwhr, per kwhr	2.300¢

Service Charge \$3.00

SPECIAL CONDITIONS

1. Purchased Power Adjustment Clause: All service under this schedule will be subject to the Purchased Power Adjustment Clause described in the Preliminary Statements. The adjustment amount for this schedule will be computed in accordance with section 7(c) of the Preliminary Statement.

2. A permanent resident of Bear Valley is one who maintains only one residence and that residence receives electric service from the Bear Valley Electric District and who regularly received mail, including bills by this utility, through the United States Post Office located at Big Bear City, Big Bear Lake, Fawnskin or Sugarloaf.

3. An applicant for service shall pay an \$8.00 connection charge.

RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE NO. DO DOMESTIC SERVICE - OTHERAPPLICABILITY

Applicable to non-permanent residents for domestic single-phase service including lighting, heating, cooking and power or combination thereof in a single-family accommodation; also to domestic single-phase farm service when supplied through the farm operator's domestic meters.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES

Energy Charge:	Per Meter Per Month
First 250 kwhr, per kwhr	4.000¢
Over 250 kwhr, per kwhr	2.300¢
Service Charge	\$3.00

SPECIAL CONDITIONS

1. Purchased Power Adjustment Clause: All service under this schedule will be subject to the Purchased Power Adjustment Clause described in the Preliminary Statements. The adjustment amount shall be the product of the total kwh for which the bill is rendered times the adjustment amount per kwh.

2. An applicant for service shall pay an \$8.00 connection charge. ✓

SCHEDULE NO. AAPPLICABILITY

Applicable to single and three phase general service including lighting and power.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES

Energy Charge:	Per Meter Per Month
First 500 kwhr per kwhr	5.650¢
Next 2,500 kwhr per kwhr	4.700¢
Over 3,000 kwhr per kwhr	2.300¢
Service Charge	\$3.00

RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE NO. A (Continued)

Minimum Charge:

For under 30 kw of connected load the minimum charge is the Service Charge.

For over 30 kw of connected load the minimum charge is the Service Charge plus \$.75 for every kw in excess of 30 kw.

SPECIAL CONDITIONS

1. Purchased Power Adjustment Clause: All service under this schedule including service rendered under the minimum charge, will be subject to the Purchased Power Adjustment Clause described in the Preliminary Statements. The adjustment amount shall be the product of the total kwh for which the bill is rendered times the adjustment amount per kwh.

2. The connected load is considered as the name plate rating of all heating, cooking, water heating apparatus and motors connected. Each horsepower of connected motors shall be taken as 1.0 kw of load.

3. Service connection having been made, the customer is not permitted to increase the load without first notifying the utility.

4. An applicant for service shall pay an \$8.00 connection charge.

SCHEDULE NO. DE

APPLICABILITY

Applicable to electric service for domestic use rendered to regular employees, retired employees, and spouses of deceased retired employees of the Company.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES

Fifty percent of the charge billed pursuant to Schedule No. DL or DO. ✓

SPECIAL CONDITIONS

1. A regular employee is defined for the purpose of this schedule as one who has been employed by the utility for six months or more.

2. This schedule is not applicable to an employee during his probationary period, or a casual or temporary employee.

RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE NO. OPAPPLICABILITY

Applicable to three-phase off-peak general power service.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES

	Per Meter Per Kwhr	Per Month Per Kwhr
	First 100 kwhr Per hp	Over 100 kwhr Per hp
Energy Charge	2.480¢	2.000¢

	Per Meter Per Month
Service Charge	\$3.00
Minimum Charge:	
For each horsepower of connected load	\$1.50

SPECIAL CONDITIONS

1. Purchased Power Adjustment Clause: All service under this schedule, including service rendered under the minimum charge, will be subject to the Purchased Power Adjustment Clause described in the Preliminary Statements. The adjustment amount shall be the product of the total kwh for which the bill is rendered times the adjustment amount per kwh.

2. Off-Peak Period: Service under this schedule shall be permitted at any hour of any day of the year except peak hours. Peak hours will be between 5:00 P.M. and 8:00 P.M. on the following days:

All Saturdays, New Years Eve, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

3. Voltage: Service will be supplied at one standard voltage.

4. Connected Load: Connected load is the sum of the capacities of all the customer's equipment that it is possible to connect to the utility's line at the same time. The rated capacity of the customer's equipment will be the rated horsepower output of standard rated motors or the kilovolt-ampere input capacity of other equipment with each kilovolt-ampere of input considered equal to one horsepower. Normally such ratings will be based on the

RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE OP (Continued)SPECIAL CONDITIONS (Continued)

manufacturer's nameplate ratings or, at the option of the utility, may be based on tests or other reliable information.

5. Change of Connected Load: When there is an increase or decrease in connected load during a contract year no adjustment in billing to date of change will be made. For the period subsequent to the date of change, billing shall be made on a pro rata basis, which shall be determined by multiplying the kilowatt-hour use to date of change by a ratio of the new connected load to the old connected load.

6. Temporary Discontinuance of Service: The minimum service period within any twelve month period will be four consecutive months.

7. An initial three year contract may be required for service under this schedule.

8. An applicant for service shall pay an \$8.00 connection charge.

SCHEDULE NO. PAPPLICABILITY

Applicable to all general power service at standard voltages, also for heating service. This schedule is closed to new applicants for service after _____.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES

Energy Charge:

HP of Connected
Load

2 to 9
10 and over

Per Meter Per Month
Per kwhr

First 100 kwhr Per hp	Over 100 kwhr Per hp
4.600¢	3.400¢
4.000¢	2.300¢

Per Meter
Per Month

Service Charge \$3.00

RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE P (Continued)

Rates (Continued)

Minimum Charge:

For under 30 hp of connected load the minimum charge is the service charge.

For 30 hp and over the minimum charge is the service charge plus \$1.00 for every hp in excess of 30 hp.

SPECIAL CONDITIONS

1. Purchased Power Adjustment Clause: All service under this schedule, including service rendered under the minimum charge, will be subject to the Purchased Power Adjustment Clause described in the Preliminary Statements. The adjustment amount shall be the product of the total kwh for which the bill is rendered times the adjustment amount per kwh.
2. The basis for computing power and minimum charge under this schedule shall be the actual indicated horsepower, but in no case less than the nameplate rating on the motors connected to the line. Welder load will be computed in accordance with Rule 2(f).
3. Service connection having been made, the customer is not permitted to increase the load without first notifying the utility.

SCHEDULE NO. 1S

APPLICABILITY

Applicable to municipal or public street, highway, and outdoor lighting service supplied from overhead lines where the utility owns and maintains the street lighting equipment.

TERRITORY

Big Bear Lake and vicinity, San Bernardino County.

RATES - BEAR VALLEY ELECTRIC DISTRICT

SCHEDULE 1S (Continued)Rates (Continued)

All Night Service

Per Lamp
Per MonthLamp Rating in watts, mean lumens and
average kwh consumption per month

Incandescent Lamps:

150 Watt, 2,310 Lumens, 50 kwhs \$3.25

Mercury Vapor Lamps:

100 Watt, 3,120 Lumens, 33 kwhs \$5.00

175 Watt, 6,600 Lumens, 58 kwhs \$5.70

400 Watt, 18,200 Lumens, 133 kwhs \$7.55

SPECIAL CONDITIONS

1. Purchased Power Adjustment Clause: All service under this schedule, including service rendered under the minimum charge, will be subject to the Purchased Power Adjustment Clause described in the Preliminary Statements. The adjustment amount shall be the product of the total kwh. for which the bill is rendered times the adjustment amount per kwh. For purposes of applying the Purchased Power Adjustment Clause, the monthly consumptions per lamp per month stated above shall be used.

2. Standard Equipment Furnished. The above rates are applicable to street lighting equipment mounted on wood poles and installed on bracket arms.

3. Hours of Service. All night service will normally be from dusk to dawn which will be considered as 4,000 hours per year or an average of 333 hours per month.

4. Contracts. A contract for a period of not less than one year and not more than five years may be required for service under this schedule and will remain in effect from year to year thereafter until cancelled.

RULE AND REGULATION NO. 10

Rule No. 10 shall read:

RECONNECTION SERVICE CHARGE

A reconnection charge of \$7.50 may be made and collected by the Company before service is renewed where service has been discontinued for non-payment of bills as required by these Rules and Regulations, or to protect the Company against fraud, or for failure to comply with the Rules and Regulations of the Company.