

Decision No. 12690

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Great Western Power Company of Cali-  
fornia, for an order authorizing an  
increase of rates.

)  
)  
) Application 5585.  
)

City of Sacramento,  
Complainant,

vs.

)  
)  
) Case No. 931.  
)

Great Western Power Company,  
Defendant.

City of Oakland,  
Complainant,

vs.

)  
)  
) Case No. 1204.  
)

Great Western Power Company,  
Defendant,

C. E. Moehrle et al.,  
Complainants,

vs.

)  
)  
) Case No. 1669.  
)

PACIFIC GAS AND ELECTRIC COMPANY &  
Great Western Power Company,  
Defendants.

Chaffee E. Hall, for Great Western Power Company  
Consumers in Protest:

Patrick M. O'Donnell, 1763 Golden Gate Ave.,

C. F. Eldridge, representing A. Schilling & Co.,

W. B. Hill, 381 Hayes St., for Hayes Theatre.

Johanna Lipman, representing Lipman Brothers, Inc.,  
2797 Mission Street.

Mrs. H. Lowenbein, 2921 Washington Street,

Mrs. E. Jentzsch, 25 Camp Street.

Michael Geppart, 627 Hayes Street.

Edith Levy, representing Miller Floral Co., 430 Hayes St.

I. Smith, 395 Hayes Street.

D. S. Prince, 315 Guerrero Street.

O. H. Swingley, representing Hayes Valley Electric  
Company, 477 Hayes Street.

Mrs. G. A. Randolph, 469 Hayes Street.

Theodore Rieker, 3506 Sixteenth Street.

P. E. Quevlionn, Ayres Apartment House Annex.

A. Aronson, Third and Mission, Aronson Building.

O. P. Schmidt, representing Schmidt Building,  
12 Geary Street.  
E. P. Kahler, 38 Fourth Street.  
W. D. Brown, 525 California Street.  
E. M. Applegarth, representing Methodist Book  
Concern Building.  
Thomas E. Haven, representing Golden State & Miners  
Iron Works, 249 First Street.  
Chas. W. Smith, for the Building Owners & Managers  
Association.

SEAVEY, COMMISSIONER:

OPINION ON  
FIRST PETITION OF GREAT WESTERN POWER COMPANY OF CALIFORNIA  
FOR MODIFICATION OF ORDER.

Great Western Power Company of California petitions the Commission to modify its order made on the third day of January, 1923, designated as Decision No. 11466, to permit it to charge and collect from the electric consumers served by it, who were formerly served by Universal Electric & Gas Company, the schedule of rates fixed and established in and by said order.

For a number of years prior to 1922, Universal Electric & Gas Company was engaged in the business of purchasing, generating, producing, distributing and selling electric energy and steam heat in the City and County of San Francisco. Early in 1922, Great Western Power Company of California purchased and acquired all the electric and steam business, franchises, and property of Universal Electric & Gas Company. This purchase was under authority of the Commission's Decision No. 10379, dated April 27, 1922 (21 C.R.C. 641). In this decision the Commission held that there was not sufficient evidence before it to warrant a change in rates and ordered Great Western Power Company of California to continue in effect all of the rates then charged by Universal Electric

and Gas Company until otherwise ordered.

The Commission, under date of January 3, 1923, issued its Decision No. 11466 in this proceeding, fixing just and reasonable rates for electric service on the Great Western Power Company's system, including that portion of the system inside the City and County of San Francisco, exclusive of the system formerly owned by Universal Electric & Gas Company. The rates fixed in that decision were substantially the same as those found reasonable on the electric system of Pacific Gas and Electric Company, which serves in competition with the Great Western Power Company in San Francisco. The rates found just and reasonable are, in general, considerably higher than the rates now in effect on that portion of the system purchased from the Universal Company.

The evidence indicates that the residences and places of business of the consumers formerly served by the Universal Company are interspersed with those of consumers of the Great Western Power Company and of the Pacific Gas and Electric Company. This Commission must conclude from the evidence in this proceeding that discrimination now exists between the consumers served from the former Universal System and the system of the Great Western Power Company on which rates have heretofore been fixed. Under the Public Utilities Act it is the duty of the Commission to eliminate such discrimination, which will involve either the reduction of the rates now in effect on the original system of Great Western Power Company, the increase in the rates on the Universal System, or change of both. After an exhaustive investigation into the operations of the Great Western Power Company of California, applicant herein, and the Pacific Gas and Electric Company this Commission has found that the rates now charged to

consumers other than those on the Universal System are just and reasonable. The evidence in this proceeding indicates that the return earned by Universal Electric & Gas Company prior to the transfer to the Great Western Power Company was below that which would be considered just and reasonable and under which a utility could indefinitely continue to operate, extend its system, and render adequate service. It also appears that the return which may be anticipated from the combined Great Western and Universal systems operating under the present rates of Great Western Power Company will be no more than reasonable. It must be concluded, therefore, that the same rates should be reasonable as applied to electric service to those consumers served by the Great Western Power Company on the system purchased from the Universal Electric & Gas Company, although material increases in rates will result to individual consumers.

The special attention of the Commission is called to a contract entered into August 28, 1917, between the Universal Electric & Gas Company and A. Schilling & Company, for the supplying of electric energy at the consumer's premises at the corner of Second and Folsom Streets, in the City and County of San Francisco, and to a lease of the same date between A. Schilling & Company and the Universal Electric & Gas Company, whereby the latter leases certain engine room space in the building for the installation of electric conduits, switchboard and an electric substation, for the term of ten (10) years. The contract for power is at the regular schedule rates which were in effect at the time it was entered into and provides that:

"It is understood by and between the parties hereto that this agreement is subject at all times, after proceedings duly had, to change or abolition by the Railroad Commission of the State of California and the compliance with any such lawful order by the Company shall give no cause for action to the Consumer."

The lease provides for a rental charge of \$80.00 per month for the occupancy of the engine room space required by the Power Company. An analysis of the evidence relative to this contract and lease, and the conditions surrounding the contract for service, does not justify the consideration of this as a special contract freeing A. Schilling & Company from paying the regular schedule for electric service as found just and reasonable by this Commission.

I recommend the following form of order:

O R D E R

Great Western Power Company of California having applied to the Railroad Commission for a modification of the Commission's Decision No. 11466 in the above entitled proceeding, as heretofore set forth, a public hearing having been held and the matter submitted and ready for decision, the Railroad Commission of the State of California finding as a fact that the rates now charged on the system of the Great Western Power Company purchased from the Universal Electric & Gas Company are unjust and unreasonable rates in so far as they differ from the rates fixed by this Commission in Decision No. 11466, dated January 3, 1923, as applicable to service within the City and County of San Francisco, and basing its order on the foregoing findings of fact and the findings of fact set forth in the opinion preceding this order;

IT IS HEREBY ORDERED that Great Western Power Company of California be and it is hereby authorized to charge and collect for electric service supplied from the system formerly owned by the Universal Electric & Gas Company the rates and charges as specified in Decision No. 11466 dated

January 3, 1923, said rates to become effective for all regular meter readings taken on and after November 1, 1923.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 11<sup>th</sup> day of October, 1923.

C. Seaver

H. B. Brundage

J. T. Whittney

Commissioners.