

ORIGINAL

Decision No. 21846

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation upon
the Commission's own motion into the
rates, charges, classifications, rules,
regulations, practices and contracts of
LOS ANGELES GAS AND ELECTRIC CORPORATION.)

Case No. 2747.

- Herman Phleger and Paul Overton, for the
Los Angeles Gas and Electric Corporation.
- Erwin P. Werner, Thurmond Clarke and Milton
Bryan, for the City of Los Angeles.
- Leonard A. Diether, Deputy City Attorney, for
the City of Pasadena.
- John J. O'Toole, City Attorney of the City and
County of San Francisco, and Dion R. Holm,
Special Counsel, Associated Counsel for
the City of Los Angeles.
- J. O. Marsh and F. F. Ball, for the Board of
Public Utilities of the City of Los
Angeles.
- Chester L. Coffin, City Attorney, for the City
of Santa Monica.

CARR, COMMISSIONER:

INTERLOCUTORY OPINION AND ORDER

During the course of public hearings in this proceeding,
Los Angeles Gas and Electric Corporation requested permission to
file and make effective on January 1, 1930, electric rates con-
forming to those set forth in Exhibit No. 4. These rates will,
according to estimates of the company and of engineers of the Com-
mission, reduce the company's gross revenue approximately \$737,000.
for the year 1930.

The company desires to file these reduced electric rates,
although it claims that their being put into effect will reduce its
net earnings on its electric operations to an amount which will
represent a return on its electric properties of from only 5.42% to

6.06% on the historical cost of such property, depreciation being figured on the sinking fund basis. Engineers of the Commission, on the other hand, estimate that the establishment of these reduced rates will still leave the company on an earning basis in its electrical department of slightly over 7%.

The different results reached by the company and the engineers of the Commission are due chiefly to the fact that the company takes a somewhat lugubrious view of its future sales and also that the company advances the claim that certain expenses heretofore incurred have been, during many years, entered upon its books and reported by it as current operating expenses instead of capital items and that its books and records should be changed accordingly, which contention, if accepted, would substantially increase its rate base.

It is unnecessary here to consider or pass upon the conflicting views as to the volume of future sales of the company, or upon the contention advanced respecting the re-arrangement of the company's books and records. It is enough to say that the Commission, by this interlocutory order, does not place its stamp of approval upon this latter course and its incidents. If the company, as a matter of company policy, desires to put into effect reduced rates under the circumstances here present, permission should be granted.

I recommend the following form of interlocutory order:

INTERLOCUTORY ORDER

In the course of public hearings held in this matter, the company having asked authorization to put into effect reduced rates for electricity, as set forth in Exhibit No. 4 on file herein, and good cause appearing therefor,

IT IS HEREBY ORDERED that Los Angeles Gas and Electric Corporation may file, effective on all meter readings taken on and after January 1, 1930, schedules of electric rates conforming to those contained in Exhibit No. 4 on file herein.

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

Dated at San Francisco, California, this 2nd day of December, 1929.

Thornton
Chase
William Post
Leon White
W. H. C. C.
Commissioners.