

Decision No. 25367

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Investigation)
upon the Commission's own motion)
into the electric rates, charges,)
classifications, rules, regulations,)
practices and contracts of Coast)
Counties Gas and Electric Company.)

Case No. 3326

ORIGINAL

BY THE COMMISSION:

ORDER DENYING REHEARING

On November 12, 1932, Coast Counties Gas and Electric Company filed with the Commission petition asking for rehearing on Decision No. 25325 issued in the above matter on November 7, 1932. By said decision the electric rates of the company were reduced approximately \$40,000 per year. It is contended in the petition that no adequate hearing was accorded petitioner prior to the issuance of the order and, for that reason, it is deprived of property without due process of law. It is further contended that the rates as fixed are confiscatory, and in this regard it is specifically alleged:

(a) That the Commission erred in not including in the rate base the claims made by the company for increased overhead charges applicable to construction and interest during construction;

(b) That the Commission erred in its use of the Commission's engineers' estimates of working cash capital rather than the figure offered by petitioner, and

(c) That the Commission erred in excluding from

reasonable operating expenses approximately one-half of the total amount set up by the company for management and engineering fees and expenses incidental thereto charged by Standard Management and Operating Corporation.

We have carefully reviewed the petition for rehearing and the contentions made therein and are of the opinion that the petition is without merit and should be denied.

With reference to the adequacy of the hearing which was accorded petitioner, it should be noted that hearings were held in the matter on September 20, October 4, 6 and 20, 1932. The transcript of the proceedings is comprised of 312 pages of testimony and sixteen rather elaborate exhibits, eleven of which were offered in evidence by petitioner. At no time was the company denied the right to offer any testimony which it deemed pertinent to the investigation nor did it indicate a desire to offer any further testimony pursuant to the order to show cause at the time of the submission of the matter.

With reference to petitioner's claim that the rates prescribed are confiscatory, it is sufficient to note that the rates prescribed should yield to the company during a year such as the current year a return of approximately 7.5 per cent on the rate base found to be reasonable for the electric department. The return to the company on its unified electric and gas operations, accepting for the purposes of this test all of the estimates offered by the company with reference to its gas capital and operations, should be approximately 6.6 per cent. It is apparent from the record herein that the anticipated return on neither the electric operations alone nor the combined operations is in any manner confiscatory.

Parenthetically, it should be observed that the petitioner's relief from its alleged inadequate return on its gas operations, which, according to the company's set up is 4.84 per cent, is by way of application for an increase in gas rates. The petitioner cannot rightfully expect the electric consumers to carry the burden of inadequate gas rates, if, indeed, they be inadequate.

Inasmuch as the electric rates fixed by the order in Decision No. 25325 are interim rates, it is appropriate that a time limitation be fixed during which they shall be effective. It should be possible to fix permanent rates by August 1933. Therefore, the order herein will provide that the interim rates shall prevail only until July 31, 1933, unless sooner terminated by the final order to be made herein. The rates ordered will be viewed as experimental and the results of operations thereunder carefully considered and weighed in our final order fixing electric rates for the company.

ORDER

The Commission having carefully considered the petition for rehearing filed in the above matter by Coast Counties Gas and Electric Company, and being of the opinion that no good cause is made to appear for the granting of the same,

NOW, THEREFORE, IT IS HEREBY ORDERED that the said petition for rehearing be and the same is hereby denied, and

Good cause therefor appearing, IT IS HEREBY FURTHER ORDERED that the interim electric rates ordered by Decision No. 25325 shall be effective until July 31, 1933, unless sooner terminated by the final order to be made herein.

Dated at San Francisco, California, this 21st day of November, 1932.

C. Henry
Leon Whitney
M. H. Lee
W. B. Brown
Fred G. Stewart
Commissioners