

Decision No. 25368.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

City and County of San Francisco,
a municipal corporation,

Complainant,

vs.

Great Western Power Company of
California, a corporation,

Defendant.

City and County of San Francisco,
a municipal corporation,

Complainant,

vs.

Pacific Gas and Electric Company,
a corporation,

Defendant.

City of Oakland, a municipal cor-
poration,

Complainant,

vs.

Great Western Power Company of
California, a corporation,

Defendant.

City of Oakland, a municipal cor-
poration,

Complainant,

vs.

Pacific Gas and Electric Company,
a corporation,

Defendant.

ORIGINAL

Case No. 2143.

ORIGINAL

Case No. 2144.

Case No. 2153.

Case No. 2154.

City of Berkeley, a municipal
corporation,
Complainant,

vs.

Pacific Gas and Electric Company,
a corporation,

Defendant.

Case No. 2189.

City of Berkeley, a municipal
corporation,

Complainant,

vs.

Great Western Power Company of
California, a corporation,

Defendant.

Case No. 2190.

City of Piedmont, a municipal
corporation,

Complainant,

vs.

Pacific Gas and Electric Company,
a corporation,

Defendant.

Case No. 2200.

City of Piedmont, a municipal
corporation,

Complainant,

vs.

Great Western Power Company of
California, a corporation,

Defendant.

Case No. 2201.

In the Matter of an Investigation
on the Commission's own Motion
into the Reasonableness of the
Rates and Charges of the Pacific
Gas and Electric Company for
electric service.

Case No. 2225.

In the Matter of an Investigation
on the Commission's own Motion
into the Rates and Charges of
Great Western Power Company of
California, for electricity.

Case No. 2235.

The California State Grange,
George Sehlmeier, et al,

Plaintiffs,

vs.

Case No. 3085.

Pacific Gas and Electric Company,
a corporation, and Great Western
Power Company, a corporation,

Defendants.

John J. O'Toole, City Attorney, and
Dion R. Holm, Special Counsel, Rate
Litigation, for the City and County
of San Francisco.

C. Stanley Wood, City Attorney, and Homer
W. Buckley, Assistant City Attorney,
for the City of Oakland.

Fred C. Hutchinson, City Attorney,
for the City of Berkeley.

Archer Bowden, City Attorney, for
the City of San Jose.

W. D. Tillotson, City Attorney, for
the City of Redding.

Norman E. Malcolm, for the City of
Mountain View.

C. P. Cutten, for Pacific Gas and
Electric Company.

Guy C. Earl and Chaffee E. Hall, by
Chaffee E. Hall, for the Great
Western Power Company.

J. J. Deuel and L. S. Wing, for the
California Farm Bureau Federation
and Reclamation Districts 348, 548, 684
and 2033.

William M. Abbott, Ivor R. Dains and K. W.
Cannon, for Market Street Railway
Company.

L. N. Bradshaw, for Sacramento Northern
Railway and Tidewater Southern Rail-
way, Intervenors.

C. W. Durbrow, for Central California Traction Company, Northwestern Pacific Railroad Company, Petaluma and Santa Rosa Railroad Company, Peninsular Railway Company, San Jose Railroads and the Stockton Electric Railroad Company, Interveners.

Jones, Patterson and Douglas, by Herbert C. Jones, for certain domestic consumers.

C. D. Mull, for the International Brotherhood of Electrical Workers of San Francisco.

George S. Sehlmeier and Chas. O. Busick, for California State Grange.

R. B. Mitchell, for the Henry Cowell Lime & Cement Company.

L. S. Ready, for the East Contra Costa Irrigation District, California Association of Ice Industries and Pacific States Cold Storage Warehousemen's Association.

Lillian Bell, in propria persona.

J. V. Costello, for the San Francisco Dry Goods Association.

Frederick Whitton, for the Building Owners and Managers Association of San Francisco.

H. J. Hankins, for the Glenn-Colusa Irrigation District.

SEAVEY, COMMISSIONER:

O P I N I O N

The complaints in the above proceedings, with the exception of Case No. 3085, were filed with the Commission by the various cities during the last half of 1925. The investigations upon the Commission's own motion were ordered early in 1926. The complaint of California State Grange (Case No. 3085) was filed June 30, 1931, and consolidated with the other cases following a hearing.

In its Decision No. 19397 (31 C.R.C. 239), dated February 23, 1928, the Commission ordered a reduction in certain

lighting, domestic and agricultural power rates of these companies representing an aggregate saving to such consumers of nearly \$2,000,000. a year and at the request of the parties the consolidated proceeding was temporarily dropped from the calendar. The proceedings were subsequently restored to the calendar by the Commission which, after hearing, issued its orders to the respective companies requiring that they show cause, if any they had, why interim rates, lower than those then in effect, should not be made effective during the pendency of the proceedings. Following further hearings the Commission in its Decision No. 22031 (34 C.R.C. 211), dated January 15, 1930, ordered Pacific Gas and Electric Company, and in its Decision No. 22088 (34 C.R.C. 305), dated February 4, 1930, ordered Great Western Power Company, to put into effect, with respect to most classes of service, revised rates estimated to represent a further saving of \$2,100,000. a year to consumers of Pacific Gas and Electric Company, and \$332,000. a year to consumers of Great Western Power Company. These orders provided that the proceedings should be dropped from the Commission's calendar subject to restoration thereto upon request of interested parties or order of the Commission. The Commission denied petitions for rehearing filed by each of the companies with respect to the rates so established, (Decisions Nos. 22125 and 22204).

Pursuant to permission granted by the Commission in its Decision No. 22432 (34 C.R.C. 661), decided May 14, 1930, Pacific Gas and Electric Company acquired all the shares of common stock of Great Western Power Company.

The California State Grange, by George Sehlmeier, Master, on June 30, 1931, filed its complaint (Case No. 3085)

with respect to the agricultural power rates of Pacific Gas and Electric Company and Great Western Power Company, praying for a reduction of twenty per cent in the demand and energy charges for agricultural power service.

By letter, under date of November 23, 1931, the City and County of San Francisco requested that their complaints be restored to the calendar of the Commission and a date for hearing set. This was done and a hearing was had on December 2, 1931. Further hearings were had in the consolidated cases (Case No. 3085 being consolidated with the other cases following a separate hearing in Sacramento on March 10, 1932) on April 20, June 1, August 31, September 7, 16 and 29, and October 1, 1932, when the matters were submitted on motions of the City and County of San Francisco and Pacific Gas and Electric Company, the main hearings to be removed from the calendar until decision on the motions.

Upon the conclusion of the showing by the City and County of San Francisco and California Farm Bureau Federation at the hearing on August 31, 1932, counsel for the City by motion urged that the Commission issue an order for a temporary reduction in electric rates on a percentage basis to all classes of consumers pending further hearing in the matter. Counsel for Pacific Gas and Electric Company made a motion that the proceedings be dismissed, claiming that there had been rate reductions in the aggregate amount of \$6,000,000. per year since the cases were started in 1925.

Special pleas, supported by testimony, for rate adjustments were made by representatives of electric railways, by the Building Owners and Managers Association and Retail Dry Goods Association, both of San Francisco, and by those representing agricultural interests.

Witnesses for the City and County of San Francisco presented certain compilations of data relating to general economic conditions and the net earnings of the consolidated companies available for surplus and dividends and it was urged, based upon probable earnings of \$2.25 per share of common stock in 1932, with 75 per cent of the net assigned to the electric department, that a six per cent dividend might be paid and a surplus of \$3,513,000. remain and that the rate payers should immediately receive the benefit of a reduction in electric rates in this amount. While the Commission is not concerned over the protection of the present eight per cent dividend rate of Pacific Gas and Electric Company, it is unwilling to follow the method proposed for fixing rates.

If for the purposes of this decision the historical rate base suggested for the consolidated Great Western Power and Pacific Gas and Electric electric properties by witness for the City of San Francisco and the Farm Bureau, as modified on cross-examination be accepted, the earning position of these companies for 1932 should be tested against approximately the sum of \$388,000,000. This rate base includes lands as appraised as of 1921 for Pacific Gas and Electric, with additions at cost since that date, while Great Western lands are at actual or estimated historical cost. It excludes all reservations and exclusions made by the Commission in Decisions Nos. 11457 and 11466, as well as any consideration of Great Western Power Company water rights. The same witness estimated that the companies would have, for the year 1932, a net available for return of \$26,698,600. based on a six months' actual experience with six months estimated, while witness for the companies, upon the basis of eight months' actual experience, with four months estimated, estimated

the net available for return for the year to be \$26,146,995., assuming sub-normal accruals for injuries and damages and uncollectible bills on the theory that reserves heretofore accumulated would be drawn upon to care for the expenditures in excess of the allowances made.

Using the lowest rate base suggested and the highest estimate of the amount available for return, it appears that for the year 1932 the consolidated companies will earn a return of less than 6.9 per cent on their electric operations, while if the net estimated by the company is used the return on the same rate base is approximately 6.75 per cent.

From the record it does not appear that earnings of these companies upon any reasonable consolidated rate base will in 1932 materially exceed 6.75 per cent. Such an earning, in view of the downward trend of company revenue and other conditions, cannot be held to be such an earning as will justify this Commission in issuing its order reducing any of the electric rates of these companies.

Since it is concluded that no order can be issued reducing any rates, the motion of the companies dismissing these complaints will be granted.

O R D E R

Public hearings having been held in the above entitled proceedings, the matters having been submitted on motions and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY ORDERS AND DECLARES that said complaints and investigations be and they are hereby dismissed.

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 _____ day of November, 1932.

C. Seawey

M. A. Cox

M. B. Harris

Fred G. Stevenson

Commissioners.