

ORIGINAL

BEFORE THE RAILROAD COMMISSION

OF THE STATE OF CALIFORNIA

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Decision No. 4857

In the Matter of the Application of  
LOS ANGELES GAS & ELECTRIC CORPORATION  
for the fixing and classification of gas  
rates and for authority to put same into  
effect.

Application  
No. 1830

THE CITY OF LOS ANGELES

Complainant

vs.

Case No. 854

SOUTHERN CALIFORNIA GAS COMPANY and  
LOS ANGELES GAS & ELECTRIC CORPORATION

Defendants.

Wm. A. Cheney, Paul Overton and Herbert J. Goudge, for  
Los Angeles Gas & Electric Corporation.  
Jared How, for Southern California Gas Company.  
Albert Lee Stephens, for the City of Los Angeles.  
J. H. Howard and John Munger, for the City of Pasadena.  
Clyde Woodworth, for the City of Inglewood and for the  
City of Beverly Hills.  
Geo. E. Farrand and Leonard B. Slosson, for the Califor-  
nia Tissue Mills and other industries.  
L. O. Hatch, for the City of Eagle Rock.  
William Hazlett, for the City of South Pasadena.  
Thomas B. Cassidy, for Huntington Park.  
Gesner Williams, for certain undisclosed consumers.  
Thomas A. Berkebile, for Monterey Park.

EDGERTON, Commissioner

OPINION ON REHEARING

Applications for a rehearing relating to certain  
portions of the order in the above entitled matters were made  
by the cities of Los Angeles, Glendale, Pasadena and Inglewood.

Because of statements made to the Commission by a number of cities, the rates for gas within which were affected by the order of the Commission, that these cities had not had an opportunity to appear in the previous rate proceedings and to present evidence and make representations to the Commission, a notice was sent to the official representatives of each incorporated town within which rates were fixed by the order of the Commission. Also an invitation was extended to each of these towns to appear at the hearing on the applications for rehearing and to submit such evidence and make such arguments as they saw fit.

As a result there were a number of appearances on behalf of these cities and the evidence introduced and the position taken by these communities will be discussed later.

At the hearing a stipulation was entered into by all parties that all evidence introduced and arguments made within the issues made by the applications for rehearing could be considered by the Commission in determining such issues with the same effect as though such evidence and arguments had been submitted in a rehearing.

It will be noted therefore that unless the Commission reopens these proceedings for rehearing it will be necessary to confine any modification of the order heretofore made to such matters as are encompassed within the issues made in the applications for rehearing.

The application for rehearing filed by the City of Los Angeles attacks the decision of the Commission on the ground that the districts or zones therein fixed are not, so far as the City of Los Angeles is concerned, the logical or just lines to be fixed. This petition also states that if given

an opportunity, representatives of the city would suggest changes which should be made in the lines of the zones or districts laid down by the Commission within the limits of the City of Los Angeles.

Also this application set forth the request that the order of the Commission be suspended or annulled in toto and that no rates be fixed in the City of Los Angeles for the service of gas until an ordinance of the City of Los Angeles providing for the serving of natural gas unmixed with manufactured gas should have become effective, whereupon the city would request the Commission to fix rates upon such natural gas.

The application of the City of Pasadena attacks the order of the Commission wherein the City of Pasadena is divided into two rate zones and the application asks for a rehearing in order that the city may make a showing against the establishment of any zones in the City of Pasadena for rate fixing and also asks for a rehearing of the Commission's order fixing rates for such zones.

The application for rehearing filed by the City of Inglewood attacks the order of the Commission wherein a higher rate was fixed for said city than was fixed for the City of Los Angeles: the objection is upon the principal ground that the City of Inglewood had been promised by Los Angeles Gas and Electric Corporation or its predecessor in interest that rates for gas furnished consumers in the City of Inglewood by said company should be no higher than rates for gas charged consumers in the City of Los Angeles.

The City of Glendale filed an application for rehearing but as service of gas in that community is given wholly by Southern California Gas Company this application will be considered in connection with application No. 1853.

At the hearing there was presented by George E. Farrand and Leonard E. Slosson, attorneys, a written statement on behalf of a number of industrial users embodying a protest against the recognition by this Commission of an ordinance passed by the City of Los Angeles which seeks to compel all gas companies serving consumers within the City of Los Angeles to serve such consumers with natural gas unmixed with artificial gas.

As the consumers represented by this protest are served wholly by Southern California Gas Company this matter will be considered in connection with application 1853.

I recommend that that portion of the application of the City of Los Angeles wherein the Commission is requested to delay all rate fixing of gas service in the City of Los Angeles until such time as natural gas unmixed with artificial gas is served consumers be denied.

No attack is made by this city upon the rates fixed by the Commission except in so far as such rates are different for different portions of the City of Los Angeles. The order of the Commission establishing rates for the entire system of Los Angeles Gas and Electric Corporation fixed certain rates which are materially lower than the rate now being charged and it is obvious that as to those who would be benefited by these lower rates they have a right to demand that they go into effect immediately. Granting the city's application would at once put these consumers in a position of paying an unjustly high rate.

Furthermore the company itself applied for the fixing by the Commission of just and reasonable rates over its entire system and that company is entitled to the action of this Commission in this regard. Where this Commission has found that rates are unjust and unreasonable it would be no proper ground for a denial of the company's application to merely say that we are assured by representatives of the City of Los Angeles that natural gas will be given at some time in the future and that it is the desire of the City of Los Angeles that no rates be fixed until such condition has been brought about. The company certainly could reply that it was unjust to it to be burdened with unjust rates for a service which it was actually rendering and which it is admitted on all hands will be rendered for some time in the future.

The representatives of the city did not make any showing which would justify the conclusion that consumers of gas in the City of Los Angeles would be benefited by a delay in this rate fixing.

The remaining portion of the application of the City of Los Angeles and the application of the City of Pasadena may be considered as a request that one rate be fixed for the area within the City boundaries, except that the representatives of the City of Los Angeles limited this request to the territory served by the Los Angeles Gas and Electric Corporation. This limitation excludes certain thinly settled portions of the territory within the boundaries of the City of Los Angeles.

I am impressed with the showing made that it is the desire of the citizens of these communities to put their

residents on a parity as to rates. It is shown that whenever in either of these communities a public utility service is owned and operated by the public the rates have invariably been made the same over the area within the city and it is urged that the best welfare of these communities will be served by following this procedure in rates charged by the privately owned public utility companies. Therefore I recommend that the order heretofore made be modified so that the City of Pasadena be considered one zone or district with a like rate charged for gas throughout, that the request of the representatives of the City of Los Angeles be granted and that the area within the boundaries of the City of Los Angeles be considered one district or zone except that part of the area included within the territory designated as San Fernando Addition, Westgate Addition, Palms Addition west of the north and south section line extended, between section 16 and section 17 Tp. 1 South Range 14 West S.B.B. & M., West Coast Addition and all portions south of the northern section line of sections #31, 32 and 33, Tp. 2 South, Range 13 West and sections #35 and 36 Tp. 2 South, Range 14 West S.B.B. & M.

It will be understood of course that the zone area herein set out is based upon present lines and it is not the intention to recommend that the rates fixed for this zone shall automatically extend to territory hereafter annexed.

It remains therefore to determine the rates which shall apply in the district of Los Angeles and in the district of Pasadena.

At the hearing representatives of the City of Los Angeles presented several exhibits a summary of which was contained in Los Angeles City's exhibit No. 9.

The purpose of these exhibits was to show that the rates heretofore fixed by the Commission for district No. 1 in the City of Los Angeles should apply in the larger district which the city requested to be established and that this rate would still result in at least an 8% return to the company upon the rate base fixed by the Commission. It was claimed that the Commission's estimate of gas sales for 1917 was low.

The company protested against consideration of this exhibit on the ground that the city had made no attack upon the reasonableness of rates fixed by the Commission and that it was improper to present evidence attacking one of the elements going to make up the conclusion of the Commission, this element being the average rate found by the Commission necessary to be charged to obtain for the company an 8% return.

In view of the conclusions arrived at it will be unnecessary to pass specifically on the objections of the company to the consideration of these exhibits.

It does appear that the Commission's estimate of gas sales for 1917 was low and that therefore the result of the determination of the Commission for the year 1917 of the rates which it found to be just and reasonable would be to return to the company, under the conditions then existing, a somewhat higher net revenue than was anticipated.

However, when it is considered that the rates now fixed by the Commission will go into effect as to practically all consumers for only one month of 1917 and mainly for the year 1918 unless natural gas is served in accordance with the Ordinance of the City of Los Angeles; and that during the

year 1918 the item of oil alone will involve an increased cost of more than any excess earnings which might occur over those anticipated, it will be seen that unless the Commission should contemplate another rate fixing proceeding whereby rates were to be established for the year 1918, the rates now to be fixed should be fixed with a view to the conditions which exist during the period in which the rates are to be effective and not under the conditions which may have existed in 1917, which is practically passed. In any event, if a reduction in rates was now made for the remaining portion of 1917, which contemplated any possible difference between performance and estimate the effect upon the rate would be so slight that there would be no perceptible difference in the bills of consumers and the statement of the rate would be a fractional one which would be objectionable from many standpoints and would require adjustment for 1918.

I recommend that the rate for the City of Los Angeles be fixed so that the first block rate of 68¢ be retained and that the rates be established as follows:

First	5,000	cu.ft.	per	meter	per	month	68¢	per	1000	cu.ft.
Next	5,000	"	"	"	"	"	65¢	"	"	"
"	15,000	"	"	"	"	"	55¢	"	"	"
"	25,000	"	"	"	"	"	50¢	"	"	"
All over	50,000	"	"	"	"	"	45¢	"	"	"

Minimum bill - same as previously ordered.

In the City of Pasadena I recommend that the rate heretofore fixed by the Commission of 75¢ for the first block be retained and that the rates be established as follows:

First	4,000	cu.ft.	per	meter	per	month	75¢	per	1000	cu.ft.
Next	6,000	"	"	"	"	"	65¢	"	"	"
"	15,000	"	"	"	"	"	55¢	"	"	"
"	25,000	"	"	"	"	"	50¢	"	"	"
All over	50,000	"	"	"	"	"	45¢	"	"	"

Minimum bill - same as previously ordered.



The claim of the City of Inglewood that it should be accorded the same rates as the City of Los Angeles because a gas company in the past promised that this would be done in my judgment must be disregarded. If the principle were adopted that all promises made by companies and individuals and even municipalities in the past should be recognized by the Commission as even morally binding, logical and just rate fixing would immediately become an impossibility and we would have a condition whereby some consumers would be grossly discriminated against merely because utility companies had promised other consumers concessions or favorable rates. It may fairly be said as to all of the communities which appeared to urge that their rates be fixed on the same basis as the City of Los Angeles that there was in no instance any showing which would justify the conclusion that the fixing of rates on the basis adopted by the Commission of considering the approximate additional cost of serving thinly settled communities was unjust or illogical.

In fact it is fair to point out to these communities that instead of their having been lured into a position of disadvantage that in fact they have been the recipients in times past of discriminatory favors and that instead of complaining against rates which are now fixed for the future and which may be higher than those they paid in the past, they should be grateful for the unduly low rates they have enjoyed in the past.

I recommend therefore that the protests of the cities outside of Los Angeles and Pasadena be disregarded and the rates heretofore fixed by the Commission's order be established.

For the sake of clarity and simplicity, the rates for the districts are restated as amended.

### O R D E R

The Railroad Commission having heretofore, on August 21, 1917, made and filed its opinion and order herein and the City of Los Angeles, the City of Pasadena and the City of Inglewood having thereafter petitioned for a rehearing and the Railroad Commission having thereafter extended the effective date of said order of August 21, 1917 pending its final conclusion on the petitions for rehearing, and evidence and argument having been received at public hearings on the question of whether rehearing should be granted, and parties having stipulated that the evidence and argument thus submitted should be considered to be the evidence and argument which should be submitted in case a rehearing was granted, and the Commission having given careful consideration to all the evidence herein presented and the matter being now ready for decision,

The Railroad Commission hereby finds as a fact that the rates heretofore charged by Los Angeles Gas and Electric Corporation are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein prescribed are just and reasonable rates,

Basing its order on the foregoing findings of fact and upon the additional findings of fact which are contained in the opinion which precedes this order,

#### IT IS HEREBY ORDERED AS FOLLOWS:

1. The petition of the City of Los Angeles for rehearing is hereby denied.
2. The petition of the City of Pasadena for rehearing is hereby denied.
3. The petition of the City of Inglewood for rehearing is hereby denied.

IT IS HEREBY FURTHER ORDERED that Los Angeles Gas and Electric Corporation file with the Railroad Commission within twenty days from the date of this order and make

effective for all meter readings made on and after  
December 5, 1917 the following schedule of rates for gas:

GAS RATE SCHEDULE NO. I

TERRITORY:

This schedule applies to Rate District No. I, which includes the following territory:

That portion of the City of Los Angeles designated as follows:

- (a) Original City as incorporated in 1850.
- (b) Extension of June 1, 1869.
- (c) City of Hollywood Addition.
- (d) East Hollywood Addition.
- (e) Colegrove Addition.
- (f) Western Addition.
- (g) University Addition.
- (h) Palms Addition east of N. and S. Section line extended, between Sec. No. 16 and Sec. No. 17, Twp. 2 S., R. 14 W., S. B. B. & M.
- (i) Southern Addition.
- (j) Shoestring Addition north of Northern Section line of Sec. 31, 32 and 33, Twp. 2 S., R. 13 W., and Sec. 35 and 36, Twp. 2 S., R. 14 W., S.B.B.& M.
- (k) Bairdstown Addition.
- (l) Highland Park Addition.
- (m) Garvanza Addition.
- (n) Arroyo Seco Addition.
- (o) Occidental Addition.

CHARACTER OF SERVICE:

This schedule applies to sale of "815 B.T.U." gas for domestic and commercial service for lighting, cooking, heating, etc.

RATE:

First	5,000 cu.ft.	per meter	per mo.	..	68¢	per 1,000 cu.ft.			
Next	5,000 "	"	"	"	..	65¢	"	"	"
"	15,000 "	"	"	"	..	55¢	"	"	"
"	25,000 "	"	"	"	..	50¢	"	"	"
All over	50,000 "	"	"	"	..	45¢	"	"	"

MINIMUM BILL:

Minimum monthly bill per meter for domestic service for flats and apartments where four (4) or more meters are continuously served in one location and on one service, ..... 35¢

Minimum monthly bill per meter for domestic and commercial service other than above, ..... 50¢.

GAS RATE SCHEDULE NO. 2

TERRITORY:

This schedule applies to Rate District No. II, which includes the entire City of Pasadena.

CHARACTER OF SERVICE:

This schedule applies to sale of "815 B.T.U." gas for domestic and commercial service for lighting, cooking, heating, etc.

RATE:

First	4,000 cu.-ft. per meter per mo....	75¢	per 1,000 cu.-ft.
Next	6,000 " " " " " "....	65¢	" " "
"	15,000 " " " " " "....	55¢	" " "
"	25,000 " " " " " "....	50¢	" " "
All over	50,000 " " " " " "....	45¢	" " "

MINIMUM BILL:

Minimum monthly bill per meter for domestic service for flats and apartments where four (4) or more meters are continuously served in one location and on one service, ..... 35¢

Minimum monthly bill per meter for domestic and commercial service other than above, ..... 50¢

GAS RATE SCHEDULE NO. 3

TERRITORY:

This schedule applies to Rate District No. III, which includes the following territory:

Incorporate territory of

(a) City of South Pasadena.

(b) City of Alhambra.

CHARACTER OF SERVICE:

This schedule applies to sale of "815 B.T.U." gas for domestic and commercial service for lighting, cooking, heating, etc.

GAS RATE SCHEDULE NO. 3 (Cont'd)

RATE:

First	3,000 cu.ft. per meter per no. ..	80¢ per 1,000 cu.ft.
Next	7,000 " " " " " ..	70¢ " " "
"	15,000 " " " " " ..	60¢ " " "
"	25,000 " " " " " ..	50¢ " " "
All over	50,000 " " " " " ..	45¢ " " "

MINIMUM BILL:

Minimum monthly bill per meter for domestic service for flats and apartments where four (4) or more meters are continuously served in one location and on one service, ..... 35¢

Minimum monthly bill per meter for domestic and commercial service other than above, ..... 50¢

GAS RATE SCHEDULE NO. 4

TERRITORY:

This schedule applies to Rate District No. IV which includes the following territory:

- (1) That part of the City of Los Angeles not included in District No. I served by Los Angeles Gas and Electric Corporation.
- (2) Incorporated territory of:
  - (a) San Marino.
  - (b) San Gabriel.
  - (c) Eagle Rock.
  - (d) Huntington Park.
  - (e) Vernon.
  - (f) Watts.
  - (g) Inglewood.
  - (h) Monterey Park.
- (3) All incorporated and unincorporated territory which is served by Los Angeles Gas and Electric Corporation and not included or listed above in Districts Nos. I, II and III.

CHARACTER OF SERVICE:

This schedule applies to sale of "815 B.T.U." gas for domestic and commercial service for lighting, cooking, heating, etc.

GAS RATE SCHEDULE NO. 4 (Cont'd)

RATE:

First	3,000 cu.ft. per meter per mo. ..	85¢	per 1,000 cu.ft.
Next	7,000 " " " " " " ..	70¢	" " "
"	15,000 " " " " " " ..	60¢	" " "
"	25,000 " " " " " " ..	50¢	" " "
All over	50,000 " " " " " " ..	45¢	" " "

MINIMUM BILL:

Minimum monthly bill per meter for domestic service for flats and apartments where four (4) or more meters are continuously served in one location and on one service, ..... 35¢

Minimum monthly bill per meter for domestic and commercial service other than above, ..... 50¢.

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 19th day  
of November, 1917.

Max Shelen  
H. Loveland  
John O. Edgerton  
Commissioners.