

ORIGINAL

Decision No. 5503

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the construction)
and operation of ELECTRIC UTILITIES)
during the emergency created by War.)
.....

Case No. 1176

- C. P. Cutten, John A. Britton and P. M. Downing for Pacific Gas & Electric Company.
- H. F. Jackson and J. F. Pollard for Sierra and San Francisco Power Company & Coast Valleys Gas & Electric Company.
- Guy C. Earl, Chaffee Hall and E. W. Beardsley for Great Western Power Company.
- W. M. Shepard for California-Oregon Power Company.
- A. K. Harford and J. T. Whittlesey for Universal Gas & Electric Company.
- Albert Casper for Vallejo Light & Power Company.
- F. W. Mielenz for Napa Valley Electric Company.
- L. A. Susman for California Telephone & Light Company.
- E. W. Folsom for Federal Fuel Administration and Federal Oil Administration.
- Samuel Kahn for Western States Gas & Electric Company.
- W. F. Deteret for Northern California Power Company.
- S. Waldo Coleman for Coast Counties Gas & Electric Company.
- Frederick O'Brien for Federal Food Administration.
- Edward Elliott for Federal Reserve Bank.

DEVLIN, Commissioner.

O P I N I O N

The reasons for the initiation of this case by the Commission are fully set forth in Decision No. 5214 as follows:

"This proceeding was instituted by the Railroad Commission of the State of California on its own motion, having for its object an investigation of the construction and operation of electric utilities so as to enable it to determine the special needs of these utilities during the war emergency and in order to enable the Commission to render prompt assistance to the Government, the utilities and the public to the end that there would be no shortage in service on the part of the utilities or interruption of service to industries."

This case has been and will be held open during the war emergency in order that matters such as those considered in this opinion may be taken up at any time without instituting new proceedings. Since the last decision in this matter the shortage of power has become more serious than expected because of the materially increasing demands for service by various war industries and an unprecedented shortage of hydro-electric power. The situation appeared to be so critical in the northern and central parts of the state that representatives of the power companies were requested to confer with the Commission on June 11, 1918. A notice of the conference was sent to ^{certain} ~~the~~ Federal Authorities, who were invited to be present.

At this conference, and after the general situation was explained to the participants, all the utilities, through their respective representatives, agreed in substance to the plan of pooling power, the postponement of consideration of financial adjustments occasioned by such pooling, and to co-operate with the Commission in the adoption and enforcement of a priority list, if one should be found necessary. Before the adjournment of said conference a committee of seven, representing the larger power companies serving San Francisco and vicinity ^{and} the northern portion of the San Joaquin Valley and the Sacramento Valley, was selected by the participating companies to confer further with this Commission and to aid in the consummation of said proposed plan to relieve the situation.

The discussions at the different conferences between that committee and the Commission were in general along the same lines as at the general conference on June 11. The final results of the matter were that the power companies ^{agreed:} (1) To pool their power and to place in the hands of the Commission such authority over the operations of their several companies as would permit it to direct the distribution of that power to

what appears to the Commission to be to the best interests of the situation during the present war emergency, or until the Commission shall by appropriate order declare that there is no further need of such direction; agreeing, to this end, that the Commission could from time ^{to time} make such orders, either formal or informal, as the situation might require. (2) That this authority should be directly exercised by a Power Administrator to be appointed by the Commission, the orders of whom should be subject to the direction and review of the Commission. (3) That the Commission might, after conference with the Federal Food, Fuel and Oil Administrations, The Federal Reserve Bank, The Emergency Fleet Corporation, and such other Federal authorities and parties as the Commission deemed proper, adopt, and from time to time modify and revise or suspend, a priority list providing for the priorities in ^{the} use, amount and time of service of ~~the~~ electric power.

On June 20 the Commission had a further hearing in this case, after notice given to those who had participated in the previous conference on June 11. At this time the transcript of that conference was by stipulation of all parties made part of this record, and Mr. L. S. Ready, the head of the Commission's Gas and Electric Division, testified regarding what had taken place at the meetings of the said committee of seven with the Commission and its representatives, so this matter might also become part of this record. Announcement was made by the presiding Commissioner of the desire and intention of the Commission to reduce to formal order the results and conclusions of the several conferences, stating that absence of expressed objection to that course would be considered a stipulated approval thereof; there was no expressed objection to the substance of the proposed plan by any of the

parties. Representatives of the various departments of the Federal Government whose appearances were entered at this hearing expressed their belief that the Commission should exercise this authority; stated that the plan met with their approval; and that such action as was taken by the Commission in connection with the authority it was about to assume would receive the fullest co-operation of the several branches of the Federal Government they represented.

At the present time we are faced by an emergency sufficiently grave to require unusual measures. A power shortage is a very serious thing under normal conditions, but its gravity is multiplied under war conditions. Without pooling of power and a central control in distributing it the present shortage threatens to seriously affect the various war industries and food production so vitally necessary to the Nation. I believe the Railroad Commission or its authorized representative is the proper party to exercise that centralized control. The power companies affected and the local Federal authorities participating agree with me in that belief and have actively assisted in making it an accomplished fact; the power companies by pooling their power and agreeing to permit it to be distributed under direction of the Commission; and the Federal authorities by offering to co-operate. I have no hesitation, under these circumstances, in recommending that the Commission assume this responsibility.

As the matter now stands the Commission will take such action in regard to the power situation as appears necessary, relying on the legal rights vested in it by the Public Utilities Act, the stipulations made by the companies agreeing to the general procedure which is set forth in the record in

this matter, and the support of the various Federal authorities.

I recommend the following form of order:

O R D E R.

A public hearing having been held by the Commission in the above entitled matter and consideration having been given to the assumption by it of the administration of power and the creation of a Power Administration; and it appearing that it is to the best interests of the consumers, the utilities, the general public and the Federal Government in the present emergency that this authority should be exercised by the Commission, and basing its order on the power vested in it by the Public Utilities Act, the stipulations made by the public utilities interested, and the approval and offers of co-operation of the representatives of the Federal Government referred to in the opinion herein;

IT IS HEREBY ORDERED, That the position of Power Administrator be and is hereby created;

That said Power Administrator shall and he is hereby empowered to make, issue and enforce, modify, amend and set aside such orders as to him are deemed necessary, convenient or appropriate to effectuate the purposes in the foregoing opinion set forth in the matter of electric power control and administration; provided, however, that the exercise of such authority by such Power Administrator shall at all times be subject to the direction and review of the Railroad Commission of the State of California.

The Public utilities listed in Exhibit "A" hereunto annexed and made a part of this order are the companies affected

and subject to the provisions hereof.

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 22d day
of June, 1918.

Edwin C. Edgerton

Alvin G. Gordon

Frank R. Deolin

Commissioners.

EXHIBIT 'A'

Alpine Evaporated Cream Company.	Northern California Power Company, Consolidated.
Bay Point Light & Power Company.	Novato Light & Power Company.
Bell Electric Company.	Pacific Gas & Electric Company.
Alexander Brown Electric Plant.	Pinole Light & Power Company.
California Telephone & Light Company.	Plumas Light & Power Company.
City Electric Company.	Sacramento Valley Sugar Company.
Coast Counties Gas & Electric Company.	Sierra & San Francisco Power Company
Coast Valleys Gas & Electric Company.	Snow Mountain Water & Power Company
Durham Light & Power Company.	Tuolumne Co. Electric Power & Light Company.
Fair Oaks Electric Company.	Universal Electric & Gas Company
Great Western Power Company.	Utica Gold Mining Company.
Middle Yuba Hydro-Electric Power Company.	Vacaville Water & Light Company.
Mountain Light & Water Company.	Vallejo Electric Light & Power Company.
Napa Valley Electric Company.	Western States Gas & Electric Company.