

Decision No. 5985

ORIGINAL

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA

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|------------------------|---|---------------|
| J. A. RODDICK, ET AL., | : |               |
| Complainants,          | : |               |
|                        | : |               |
| -vs-                   | : | CASE NO. 1232 |
|                        | : |               |
| H. G. LACEY COMPANY,   | : |               |
| Defendant.             | : |               |

E. J. Emmons and J. A. Hinman  
for Complainants.  
Harry J. Bauer for Defendant.

BY THE COMMISSION:

O P I N I O N

This is a complaint by J. A. Roddick and 25 other consumers of the H. G. Lacey Company, an electric utility, alleging that defendant's rates are excessive,

extortionate, unreasonable, discriminatory and disproportionate; that defendant has not supplied steady voltage for proper operation of lamps and that the street lighting system supplying the City of Hanford is not properly maintained; that arbitrary methods are used in fixing consumers' demands and that bills rendered to consumers are not complete in their statement of accounts.

A hearing was held by Examiner Encell at Hanford October 5th, 1918, at which time the matter was tentatively submitted. A further hearing was held in San Francisco, October 16th, 1918, and in the absence of any further evidence, the matter was, by stipulation, submitted for decision.

H. G. Lacey Company, defendant herein, operates an electric distributing system in and about the City of Hanford, Kings County, California, supplying electricity for heat, light and power. Defendant's supply of electricity is obtained by purchase from the San Joaquin Light and Power Corporation.

It appears from the testimony that the service of defendant had in some respects been of a lower standard than is generally supplied by electric utilities, as is also true of certain of the methods of dealing with consumers as set forth in the complaint. Defendant shows plainly that such conditions had been remedied and that at the time of the hearing herein, a fair standard of service was being maintained and that a substantial change had been effected in the methods of dealing with consumers. Defendant did not deny that in certain

of these respects its service and methods had been subject to criticism.

We are of the opinion that the standards of service and the methods of business of defendant herein have been sufficiently improved to satisfy the items complained of. There remains only a consideration of the reasonableness of defendant's rates charged the public. The rates and charges for electricity as set forth in defendant's schedule of rates on file with the Commission are, in general, identical with those charged for similar service by the San Joaquin Light and Power Corporation as established by the Railroad Commission in its Decisions No. 3241 and No. 3277 in Application No. 1666.

Subsequently, by Decision No. 5449 in Application No. 3531, San Joaquin Light and Power Corporation has been authorized to add 10 per cent to its rate schedules. The defendant's rates are, therefore, lower than the rates now charged by the San Joaquin Corporation for the same classes of service in contiguous territory. The price paid by defendant to San Joaquin Light and Power Corporation for energy purchased at wholesale is now subject to a 10 per cent increase in rates. Defendant's operating expenses have increased materially during a period of several years past. The evidence herein shows that prior to the year 1917 defendant's business was very remunerative, but that during the years 1917 and 1918 to date, its margin of earnings has been reduced as a result of increased op-

erating expenses. It appears from the evidence in this application, however, that if the estimated operating expenses are corrected for Federal Taxes chargeable to income, and an adjustment be made for the apparent over-estimate of cost of purchased power, defendant's net income at the present time, after the deduction of proper operating expenses and depreciation, will produce a reasonable rate of return. It would be manifestly unequitable to change applicant's rates in the light of existing conditions.

O R D E R

J. A. Roddick et al., having complained against the rates and service of H. G. Lacey Company, a hearing having been held, and the matter submitted and now ready for decision, the Railroad Commission of the State of California hereby finds as a fact that the rates and charges of H. G. Lacey Company now on file with the Railroad Commission are just, fair and reasonable rates and that the service and methods

of the H. G. Lacey Company are in general of a satisfactory character.

Based on the foregoing findings of fact, and on the findings of fact set forth in the opinion which precedes this order,

IT IS HEREBY ORDERED that the above entitled proceeding be and the same is hereby dismissed.

Dated at San Francisco, California, this  
16th day of December 1918.

Edwin O. Edgerton  
H. J. Leland  
W. L. Gordon  
Stanley R. DeWitt

Commissioners.