

Decision No. 9885

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of the CITY OF REDDING to fix the just compensation to be paid by the City of Redding to Northern California Power Company, Consolidated, for its property owned and used by it in said city for the purpose of distribution of electric energy in said city.

Application No. 3718.

BY THE COMMISSION:

ORIGINAL

SECOND SUPPLEMENTAL OPINION
AND FINDING ON AMOUNT OF JUST COMPENSATION.

The finding and order of the Railroad Commission herein fixing the just compensation to be paid by the City of Redding for the electric distribution system sought to be acquired was made on the 14th day of March, 1921, (Decision No. 8745), the total amount therein fixed, including severance damage, was \$52,708.99. Thereafter, the City of Redding instituted an action in the Superior Court of the County of Shasta, State of California, for condemnation of the property thus valued, and a judgment was rendered in this action on October 28, 1921, by which it was decreed that the City of Redding should acquire the property in question at the compensation fixed by the Railroad Commission, subject, however, to the modification contemplated by section 47(b) of the Public Utilities Act on account of additions, betterments, depreciation, or deterioration or other changes in the property transpiring since the date of the filing of the original petition in this proceeding.

On November 23, and November 26, 1921, respectively, the City of Redding and the Pacific Gas and Electric Company

successor in interest of the Northern California Power Company, Consolidated, filed their petitions with the Commission pursuant to subdivision 9 of section 47(b) of the Public Utilities Act, asking that the Commission make its finding, decreasing or increasing (as the case might be) the just compensation heretofore fixed. These petitions were consolidated for hearing and decision and a hearing was had thereon on December 12, 1921, before Examiner Gordon, at San Francisco. Further hearings were had on December 15th and 16th, evidence, both oral and documentary, was received in support of both petitions and the matter was submitted and is now ready for decision.

The evidence shows without conflict that expenditures have been made by the company since the filing of the original petition for the purpose of preserving and improving the property in question, and that there has also been a certain amount of the property abandoned or removed. It was stipulated that a net value of such additions and betterments, after deducting all allowances for abandoned property and removals, is the sum of \$13,416.62. The evidence further shows that since the date of filing of the original petition that portion of the system, which is being condemned and which is not a part of the additions and betterments just referred to, has suffered a depreciation and deterioration, by reason of which its value has diminished in the amount of \$8,772.93.

The Pacific Gas and Electric Company, in its petition, alleges that the just compensation heretofore fixed should be also increased by reason of appreciation in value of the plant covered in the basic inventory due to higher market prices prevailing December 16, 1921, on cost of materials entering into the construction of the plant, over the market prices heretofore used in fixing its just compensation as of May 2, 1918. The amount of increase claimed on this account as modified by the company at the hearing and as finally urged was in the sum of \$1,897.96. A similar claim was made by the company for an increase in the amount of just compensation for severance damage amounting to \$1,589.01. The city objected to any consideration being given to either of these items, urging that they were not legally allowable under the provisions of the Public Utilities Act. It was stipulated, however, by both the company and the city, that the amount claimed by the company as above set forth correctly represents the difference in just compensation due to increased unit prices prevailing December 16, 1921. There was no other evidence to contradict the correctness of the company's claims on these items. The Commission, however, is of the opinion that the contention of the city is correct, and that these items of so-called "appreciation in value," due to increased market prices entering into the valuation of the property or into the allowance for severance damage are not allowable under the provisions of the Public Utilities Act.

F I N D I N G

After due consideration of all the evidence herein, the Commission hereby makes and files its finding, fixing, as of this 16th day of December, 1921, the extent to which the just compensation heretofore fixed herein, should be

increased by reason of the matters alleged in said petitions filed herein by the City of Redding and the Pacific Gas and Electric Company on November 23, 1921, and November 26, 1921, respectively:

The Commission finds that subsequent to the date of the filing of the original petition herein the owner of the lands, property and rights herein sought to be acquired by the City of Redding, made expenditures in the amount of \$13,416.62 for the purpose of preserving and improving said lands, property and rights, and that said expenditures were reasonably and prudently made and were beneficial to said lands, property and rights to the extent of the said sum of \$13,416.62, and that by reason thereof the just compensation heretofore fixed herein should be increased in said sum of \$13,416.62, subject, however, to the deduction hereinafter set forth by reason of depreciation: that subsequent to the filing of the original petition herein the property, to-wit, the electric distribution system sought to be condemned herein, has depreciated and deteriorated, and that by reason thereof its value has diminished in the amount of \$8,772.93, and that the just compensation heretofore fixed herein should be decreased in said amount of \$8,772.93: that by reason of the matters set forth in this finding the just compensation heretofore fixed herein by the order made March 14, 1921, should be increased in the net amount of \$4643.69.

Dated at San Francisco, California, this 16th day of December, 1921.

H. H. Bunting
H. H. Bunting
Charles H. Bunting
H. H. Bunting
Commissioners