

Decision No. 28450

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of  
SAN DIEGO CONSOLIDATED GAS AND  
ELECTRIC COMPANY for authority to  
put into effect on less than statutory  
notice schedule of reduced electric  
rates.

) ORIGINAL  
) Application No. 20,314  
)

BY THE COMMISSION:

ORDER

The rates now being charged by the San Diego Consolidated Gas and Electric Company were prescribed by this Commission February 4, 1935, after protracted hearings, and have been in effect since March 1, 1935. During the years immediately prior to this decision the "per consumer" sales and the over-all sales volume of the Company had been seriously diminished in common with almost all other business. This existing condition was necessarily given serious consideration by the Commission in making its order fixing rates.

During 1935, business conditions in the San Diego area have apparently greatly improved, and the Company's gross sales have shown a gratifying increase over those of 1934. During 1935, also, the Company was able to take advantage of the very favorable bond market and has refinanced its funded debt with a very material reduction in fixed charges.

In forecasting revenues for 1936, the Company has anticipated the gross sales will be even greater than the experience for 1935. Tested against a rate base and operating expense computed in accordance with the principles laid down in the Commission's decision of 1935, it was apparent that this anticipated increase in gross sales and revenues would result in an unreasonably high rate of return.

In accord with sound utility practice, the Company has volunteered a reduction in its rates. On the sales anticipated for 1936, the reduced rates will yield to the Company approximately \$200,000 less revenue than would be afforded by the rates now in effect. It is estimated by the Company that these rates will result in a net return of 6-1/2 per cent on the property used in rendering the service. This is less than the 6-2/3 per cent found reasonable by this Commission in 1935, and is doubtless offered as a recognition of the reduction in the cost of money to the Company due to the 1935 refinancing of its bonds.

The Company has requested authority to make its schedules of reduced rates effective January 1, 1936. This request clearly is meritorious and should be granted. It is perhaps not inappropriate to express the wish that all utilities would follow the enlightened policy here displayed.

O R D E R

Good cause appearing therefor, IT IS HEREBY ORDERED that San Diego Consolidated Gas and Electric Company be authorized to publish revised Schedules Nos. D-1; D-2; C-1; C-2; C-3; L-1; L-2; P-1, and P-2, said schedules being those filed with this Commission December 15, 1935 under Advice No. 60; said schedules to be made effective January 1, 1936.

Dated at San Francisco, California, this 21<sup>st</sup> day of December 1935.

Leon Whittell  
W. A. Cline  
W. B. Harris  
Frank R. Williams  
Commissioners