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ORIGINAL

Decision No. 55708

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY for an order of the Public Utilities Commission of the State of California authorizing applicant to increase rates charged by it for electric service.	)))))))	Application No. 38382 Amended

(Appearances and witnesses are listed in Appendix B)

O P I N I O N

Applicant's Request

Southern California Edison Company, engaged in the business of generating, transmitting and distributing electric energy in portions of central and southern California, filed the above-entitled application on September 5, 1956 and filed the first amendment thereto on February 13, 1957 requesting a general increase in the rates charged by it for electric service to produce additional gross annual revenue of $34,088,000 or 16 per cent on its estimated 1957 revenue of $213,499,000 at present authorized rate levels. Applicant's proposed rates are set forth in Exhibit C-1 attached to the first amendment to the application.

Public Hearing

After due notice, 25 days of public hearing were held before Commissioner Ray E. Untereiner and Examiner Manley W. Edwards on this application, as amended, during the period February 13, 1957 to June 28, 1957. All days of hearing were held in Los Angeles except for the day of April 10, 1957 which was held in Visalia, California. Applicant presented 15 exhibits and testimony by 13 witnesses in support of its application. The Commission staff made an independent study of the applicant's operations, presented 13 exhibits and

testimony by 9 witnesses and cross-examined applicant's witnesses for the purpose of developing a full record to aid the Commission in ruling on the applicant's request. Exhibits and testimony were presented by several of the protestants and interested parties. In addition testimony was presented by a number of public witnesses most of whom were customers of the applicant.

Accelerated Depreciation

The first three days of public hearing were devoted principally to the question of what rate treatment should be given to reduced federal income tax payments resulting from accelerated depreciation and amortization. This problem is still under consideration by the Commission, and decision on the rate application cannot justly be postponed until it is ultimately resolved.

Section 167 of the Federal Revenue Code authorizes taxpayers, at their own election, to utilize, for tax purposes, certain specified methods of calculating depreciation on new plant at an accelerated rate. Taxpayers availing themselves of the acceleration option claim higher expense for depreciation, and hence report lower net revenue and income tax liability during the early years of plant life; an immediate advantage which is, presumably, offset in later years by the consequent reductions in the allowable depreciation expense and the resultant increase in net income and tax liability. Applicant's proposal was to take advantage of the accelerated depreciation option for tax purposes, but to "normalize" its income tax liability for regular accounting and rate-making purposes. It asked the Commission to give it credit, as an expense, for the full income tax to which it would be subject without the permitted acceleration in depreciation; and proposed to credit the difference between its "normal" and its actual current tax payments to a reserve for deferred taxes which

would be drawn upon to cover the increased tax obligation which would result in the future from the present deferrals. The City of Los Angeles, the Utilities Division of the Commission staff, and other parties to the proceedings strenuously opposed applicant's proposal. For purposes of this decision, applicant's proposal for the treatment of accelerated depreciation under Section 167 will not be authorized AT THIS TIME. Applicant has not yet made its election for the test year, but it is apparent from the record that it will not elect to take accelerated depreciation if taxes are allowed in this decision only on an estimated "as paid" basis. In arriving at the proper allowance for tax expense we shall, therefore, calculate applicant's tax expense, so far as the Section 167 options are concerned, on the basis of straight-line depreciation. Should applicant, despite this decision, elect to claim accelerated depreciation in its tax returns for the test year or any future year before a final decision is rendered by the Commission on this issue, it shall immediately report such election to the Commission; and the Commission will promptly move to adjust the rates herein authorized in such manner as it may find to be appropriate.

Accelerated Amortization

With respect to the accelerated amortization provided for by Section 168 of the Revenue Code, the situation is substantially different. Here the taxpayer does not have a free election, but must secure a necessity certificate from the Office of Defense Mobilization. The facility, or such percentage of it as is certificated for accelerated amortization, is fully amortized over

a five-year period; and thereafter no depreciation can be claimed on it for federal tax purposes. Current reductions in tax payments will thus be offset by tax increases within a relatively short time. No long-run future problem is involved, since Public Law 165, enacted by the 85th Congress, sets a final cutoff date for further certification as of December 31, 1959; and may well be interpreted as prohibiting new certificates for facilities such as applicant's after August 22, 1957.

Applicant was heretofore authorized, by Decision No. 50723, to normalize its federal income tax with respect to accelerated amortization for accounting purposes; and it has, in accordance with that decision, already set up on its books a reserve for deferred taxes. This Commission, in Decision No. 50909 on Application No. 34958 (53 Cal. P.U.C. 749), fixed rates for California Electric Power Company on computations which included normalization of taxes with respect to accelerated amortization. The regulatory commissions of Maine and Pennsylvania, and the Federal Power Commission, have permitted normalization for rate-making purposes with respect to accelerated amortization. The action of the Federal Power Commission was upheld by the United States Court of Appeals for the District of Columbia Circuit. We are not informed of any action by a regulatory body or a court to the contrary.

Therefore, for the purposes of this decision, we shall permit applicant to normalize income taxes as applied to accelerated amortization.

Oral Argument Denied

Prior to the close of the hearing on June 28, 1957, counsel for Monolith Cement Company made a request for closing oral argument in this matter. Such request was joined in by counsel for Kaiser Steel Corporation. All other parties were willing to submit the matter on concurrent closing written statements or briefs by July 15, 1957. Counsel for applicant opposed both closing arguments and briefs. All counsel were advised to submit written statements in case that oral argument was denied. Written statements were filed. Such oral argument is denied. The matter stands submitted as of July 15, 1957, and the matter now is ready for decision.

Applicant's Operations

Applicant serves electric energy in portions of the counties of Los Angeles, Riverside, Orange, San Bernardino, Ventura, Santa Barbara, Tulare, Kern, Fresno and Kings. As of April 1, 1956, the population of the area served was estimated to be 4,090,000. As of December 31, 1956, a total of 1,436,426 electric meters were served in more than 90 incorporated cities and over 300 unincorporated communities and contiguous rural areas. Also, applicant sells electric energy to four municipal distribution systems owned and operated by the cities of Anaheim, Azusa, Colton and Riverside, and from time to time electric power and energy is bought from or sold to other interconnected utilities such as San Diego Gas & Electric Company, Pacific Gas and Electric Company, California Electric Power Company, and the Department of Water and Power of the City of Los Angeles, under special contracts.

Electricity is produced by 25 hydroelectric plants, 8 steam electric generating stations, and one diesel electric generating plant under lease with a combined total effective operating capacity

of 2,313,420 kw as of December 31, 1956. In addition applicant has for its use, 345,000 kw of hydro capacity (under favorable conditions) at Hoover Dam under contracts with the United States and the Metropolitan Water District.

Applicant's Position

Applicant states that its present rates are insufficient, unjust and unreasonable, and inadequate to provide a fair, just and reasonable return on its properties devoted to the public service. It represents that gross revenues from its utility operations must be augmented by increased rates in order to meet constantly rising price levels for labor, materials, services and taxes to maintain its financial integrity, to preserve its credit standing, and to attract, on an economical basis, funds necessary to build the plant additions required to continue satisfactory electrical utility service to present customers and to meet the requirements of new customers.

In its original application the applicant stated that, in the past three years, wage levels have increased about 12 per cent, fuel prices are 17 per cent higher and property tax rates have risen 12 per cent.

In the first amendment, the applicant recited additional increases in fuel prices, tax bills, wage rates and financial costs which have occurred or have been confirmed since the filing of the original application. Specifically, it mentioned that the price of fuel oil had risen from $2.10 to $2.75 per barrel;[1] that increases had been requested in the rates for gas by the local gas utilities; and that the property tax bill was scheduled to increase by $3,400,000 over the 1955-1956 bill.

1. Prior to date of submission the posted price of fuel oil had risen to $2.85 per barrel for pipe line delivery.

Earnings Studies

The applicant and the Commission staff presented evidence on revenues, expenses, rate base and rate of return. The applicant's study covered the years 1954 through 1958. For the years 1954, 1955 and 1956 applicant showed its recorded results and also showed such years' results on an adjusted basis, adjusted to reflect sales and expenses under conditions of average temperature and precipitation. Applicant's estimates for the years 1957 and 1958 are computed to reflect average climatic conditions.

The staff's study covered the years 1955 through 1957. For the years 1955 and 1956 the staff showed recorded results. The year 1956 also was shown on an adjusted basis and the year 1957 on an estimated basis, computed in such manner as to reflect the following adjustments:

a. Average temperature and precipitation conditions, as affecting revenues and expenses;

b. Average hydro conditions as affecting production of electric energy;

c. Fuel oil price of $2.80 per barrel, plus sales tax, for bunker type fuel oil by pipeline delivery;

d. Estimated deliveries of natural gas for 1956 adjusted and 1957 estimated for steam generation from the gas utilities under Schedule G-54, assumed to be available for the entire period;

e. Present electric rates as authorized by Decision No. 50449, with Vernon at system rates;

f. The effect of termination of conjunctive billing for all of the year 1956;

g. Wage and salary levels in effect in January 1957;

h. Adjustment of abnormal or nonrecurring costs and revenues to an average year basis; and

i. Exclusion of certain amounts not considered properly includible in expenses for rate-fixing purposes.

Revenues

By Exhibits Nos. 10 and 28 the applicant showed the following trend of revenues from operations:

	Amount	Increase	
		Amount	Ratio
Year 1954 Recorded	$153,369,000	$ -	
Year 1955 Recorded	176,422,000	23,053,000	15.0%
Year 1956 Recorded	195,031,000	18,609,000	10.5
Year 1957 Estimated	211,522,000*	16,491,000	8.4
Year 1958 Estimated	227,224,000*	15,702,000	7.4

* Includes Vernon at present rates. Applicant's estimate would be $213,499,000 for 1957 with Vernon at authorized rates.

The Commission staff estimated the 1957 operating revenues at $218,022,000 which is $4,523,000 or 2.1 per cent greater than that estimated by the applicant at present authorized rate levels. The staff did not prepare an estimate of 1958 operations. More detailed estimates for 1957 are set forth on Table 1. Also shown on Table 1 are the estimates of expenses, rate base, and rate of return by the applicant and the staff as well as the results being adopted by the Commission. Applicant points out that a variation of plus or minus 2 per cent between independent estimates can be expected because of the nature of the underlying data. Consequently, it states, both revenue estimates merit the serious consideration of the Commission. The staff's estimate of revenues for the first six months of 1957 is closer to the recorded results than is the applicant's estimate. The staff's estimates were made later than the applicant's and had the advantage of more recent experience. The staff in its adjustment of actual results to average temperature conditions took into account summer sales for air conditioning, while applicant did not. Late-filed Exhibit No. 81 shows the higher estimate of the staff is actually slightly below the recorded results for the first six months. We will adopt the staff's estimate of revenues, sales and customers for the test year 1957.

TABLE 1

SUMMARY OF EARNINGS FOR 1957
Southern California Edison Company

Item	Applicant's Year 1957 Estimated Exhibits Nos. 10-28-70 and amended Application	Staff's Year 1957 Estimated Exh.No. 37	Adopted 1957 Test Year Results
Operating Revenues:			
Domestic	$ 78,700,000	$ 79,520,000	$ 79,520,000
Agricultural	13,100,000	12,846,000	12,846,000
Commercial	44,022,000	46,786,000	46,786,000
Industrial	59,088,000	59,408,000	59,408,000
Public Authorities	14,729,000	15,274,000	15,274,000
Railways	580,000	589,000	589,000
Municipal for Resale	2,510,000	2,859,000	2,859,000
Other Electric Utilities	80,000	105,000	105,000
Other Electric Revenue	690,000	635,000	635,000
Total Oper. Rev.	$213,499,000	$218,022,000	$218,022,000
Operating Expenses:			
Production-Fuel & Purch.Pr.	$ 42,696,000	$ 43,304,000	$ 44,789,000
Production-Other	8,509,000	8,448,000	8,509,000
Transmission	4,708,000	4,718,000	4,708,000
Distribution	13,357,000	13,344,000	13,357,000
Customer Accounting and Coll.	9,065,000	9,133,000	9,133,000
Sales Promotion	2,670,000	2,582,000	2,670,000
Administrative and General	11,456,000	11,347,000	11,373,000
Depreciation	22,680,000	22,680,000	22,680,000
Taxes-Other than Income	26,522,000	26,082,000	26,093,000
Taxes-Income (St.Line Dep.)	28,818,000	30,641,000	30,133,000
Total Operating Expenses	$170,481,000	$172,279,000	$173,445,000
Net Revenue	$ 43,018,000	$ 45,743,000	$ 44,577,000
Rate Base (Depreciated)	$885,000,000	$878,915,000	$878,915,000
Rate of Return	4.86%	5.20%	5.07%

Production Expenses - Fuel and Purchased Power

The staff's production expense estimate for fuel and purchased power is higher than the applicant's estimate by $608,000. Since the staff's sales estimate was greater, it is logical that its production expense should be greater. However, in the applicant's opinion the staff's estimate should have been even higher.

The staff's estimate reflects a posted price of $2.80 per barrel for bunker fuel oil by pipeline delivery for the entire year 1957, whereas the applicant's estimate reflects historical prices up to June 20, 1957 (ranging from $2.50 to $2.85 per barrel) and $2.85 after June 20. Applicant's estimate reflects an assumed 3½ cents per Mcf increase in the price of gas purchased from the local gas companies under their Schedules G-54, effective November 1, 1957, which increase was being sought by the gas companies while this hearing was in progress. The staff witness priced all G-54 gas in accordance with the then effective rate schedule.

When cost increases become firmly fixed prior to submission of a rate application or the issuance of an order thereon, it is the Commission's policy to recognize such increases in fixing fair and reasonable rates. The Commission recently has authorized increases in gas rates of 3.2¢ per Mcf which will be taken into account in arriving at the test year results.

As to the over-all quantity of energy available from Hoover Dam, applicant used a 10-year experience which is trending downward, while the staff used for both 1956 adjusted and 1957 estimated a constant amount based on the average of the latest 10 years. For the 1956-57 water year the staff and the applicant are about equal in their estimates of Hoover energy, but for 1957-58 the applicant is 90 million kwhr lower than the staff. The staff points out that, based on average year inflow to Lake Mead, the estimated annual Hoover output will increase in the years following 1955-56.

On the last day of hearing the staff presented Exhibit No. 82 to reprice its fuel estimate on the basis of additional gas supply under Schedule G-54 and the proposed direct purchase of gas from El Paso Natural Gas Company. The staff worked backward from 1958 estimated gas available and unit costs to compute fuel costs on a pro forma basis for 1956 and 1957, stating that fuel costs would have been reduced by $3,267,000 in 1957 and $4,409,000 in 1956. While such pro forma figures may be of aid in determining the future trend of fuel costs, practically none of such savings actually will be realized by applicant in 1957, the test year being used.

After the staff's Exhibit No. 37 was prepared and presented, the posted price of fuel oil increased 5 cents per barrel. In our opinion the staff's estimate of production expense is reasonable, except that the known 5-cent fuel oil price increase should be added. We will adopt a figure of $44,789,000 for fuel and purchased power expense for 1957.

The Southern California Gas Company, Southern Counties Gas Company of California and Pacific Lighting Gas Supply Company furnished a closing statement wherein they took exception to the applicant's request for an allowance of 50 cents per Mcf for Richfield gas for the 1958 test year which is to be transported by a proposed line from San Joaquin Valley.[2] Such price was related to the cost of bunker fuel oil which it would replace and not the cost of production. These parties hold that there is no precedent in California for relating allowable cost of fuel consumed by a utility solely to the cost of an

2 Applicant's request for authorization to build this line is contained in Application No. 39250 before the Commission.

alternative source of energy; that applicant has not divulged the full cost of procuring and transmitting the gas; that the immediate effect of a Commission decision based upon the inadequate evidence thus far presented may be a further increase in the cost of gas to over two million gas consumers, customers of the gas companies; and that such an increase will not result from the operation of normal competitive factors, but will result from an increased price of gas in the field brought about by a substitute determination of a cost for gas by the applicant.

These gas companies take the position that they have never sought to charge 50 cents per Mcf for gas meeting similar requirements, nor at this time would preliminary calculations indicate a charge of 50 cents per Mcf for such a service and that all a utility can be entitled to seek is to recoup its reasonable costs and be allowed to earn a fair return upon the value of its property devoted to the public service.

In resolving the applicant's request for increased rates, we are not predicating our finding on the 1958 conditions, but will use the 1957 test year before the Richfield gas is made available. Needless to say, before we allow the 50-cent cost as an expense for a later test year, we will have to be convinced not only that such is the actual cost to applicant, but that such cost is justified and reasonable.

Production Expenses - Other

The staff's other production expense is $60,000 lower than applicant's estimate. Applicant represents that the staff's figure should be $113,000 higher than it is, principally in the items of boiler, prime mover and generator maintenance. Applicant contends that the rapid rate at which it has been adding new steam generating units in recent years tends to increase the number of overhauls and

hence increases the expense. Applicant represents that its estimate, reflecting the best judgment of the respective supervisors and managers responsible for the preparation of the company's operating budget, is a sounder basis than that used by the staff based on impressions gained from isolated talks with operating personnel who may or may not be fully cognizant of the over-all problems involved. We will adopt the applicant's estimate of other production expenses.

Transmission and Distribution Expenses

The staff's estimate of transmission expense is $10,000 higher than the applicant's and of the distribution expense is $13,000 lower. Despite this small difference, the applicant contends that the staff's distribution expenses are $183,000 low due to the staff's use of an average of the recorded amounts for the years 1952 through 1956 in Account 766, Maintenance Station Equipment. Applicant points out that its plant has grown considerably over the 5-year period and that a 5-year average does not reflect the uptrend from year to year. We will adopt the applicant's estimates for the items of transmission expenses and distribution expenses.

Customer Accounting and Collecting Expenses

The staff's estimate of customer accounting and collecting expenses is $68,000 higher than applicant's. While we could adopt the applicant's lower estimate, in view of the fact that we are adopting the staff's estimated higher number of customers for 1957 we will use the higher staff estimate of these related expenses.

Sales Promotion Expenses

The staff's sales promotion expense estimate for 1957 is $88,000 below the applicant's. Applicant stated that its estimate represents an 11 per cent increase over the recorded 1956 sales promotion expense due to a 5 per cent growth in customers and a

5½ per cent wage increase for 1957 and that approximately 75 per cent of the total expenditures in these accounts is comprised of wages and salaries. Applicant expresses its opinion that there is a definite relationship between the expense of sales promotion and the number of customers, that the allowance by the staff would be barely sufficient to cover the wage increases for the 1956 sales force, and that there would be insufficient funds to meet the expansion in customers and sales promotion personnel to be anticipated. The applicant's cost per customer for this account is $1.87 for 1957. This figure does not appear unreasonably high and the applicant's estimate will be adopted.

Administrative and General Expenses

The staff's estimate of administrative and general expenses is $109,000 lower than applicant's but applicant seriously contests only $67,000 of this difference. Some $41,000 of the difference results from the lower allowance provided by the staff for Account 799, Injuries and Damages. In an effort to show that the staff's estimate is low, applicant called attention to the fact that it was faced with approximately $2,000,000 in pending actions for injuries and damages as of January 1, 1957. The staff points out that this estimate is based merely upon the prayers contained in complaints filed against applicant, and that it is a well established fact that only a relatively small percentage of the amounts prayed for in complaints is actually paid. The staff's estimate was based on a 5-year average plus a 5 per cent increase in the level of awards for 1957, plus an increase based on the number of average customers in 1956 and 1957. This treatment appears reasonable and will be adopted.

Applicant desires to build up its injuries and damages reserve, but has failed to include any interest earnings from its present reserve. We will adopt the staff's esimate.

The remaining difference is $26,000, arising in the estimates for Account 805, Franchise Payments. Applicant represents that a change from the Broughton Act Franchises to the 1937 Franchises has a tendency to increase franchise payments and that the large number of incorporations in its service areas has the same effect. The staff witness used a ratio of 0.558 per cent applied to gross revenue to determine the level of the franchise payments. The applicant used a ratio of 0.57 per cent and under cross-examination the staff witness did not take the position that the applicant's ratio was unreasonable. We will use the higher ratio proposed by applicant.

Taxes - Other Than Income

Applicant's taxes - other than income - are estimated at an amount $440,000 greater than the staff's allowance, but the applicant states that the amount at issue is greater than this figure, or an amount of $506,000. Of this latter amount, applicant represents that $484,000 is accounted for in ad valorem taxes and that the basic reason for the difference is the failure of the staff to predicate its estimate on the upward trend in tax rates. Applicant estimates that the 1957 tax rates will increase over the 1956 tax rates in the areas in which it operates. The staff used the latest known tax data and its estimate will be adopted.

The remaining difference of $22,000 arises out of the staff's lower estimate of the State unemployment tax for 1957. The staff witness predicated his estimate on the average of actual tax rates for the past five years; namely, 1953 through 1957, and testified that he used such average figure because of wide fluctuation in this tax. Applicant stated that its estimate was based on the tax rate which had been prescribed by the State for use for 1957; and, since this rate is very near the minimum rate, it seems apparent that any wide fluctuations would have to be upward from this level. Both the staff's and the applicant's estimates appear to be reasonable. After considering this matter, we will adopt a compromise figure $11,000 less than the applicant's estimate.

Taxes Based on Income

In estimating federal income taxes for the year 1957 the staff developed a figure which was based on an assumption that a flat percentage of administrative and general expenses for income tax purposes would be capitalized, which method the applicant has followed for more than 30 years. Applicant states that the Internal Revenue Service now contends that the book amount of these expenses capitalized, excluding sickness and accident benefits and amounts paid into pension trusts, is the proper amount to be capitalized for tax purposes, and that this matter is now in the tax court. Applicant represents that its estimate for federal income taxes follows the method which the Internal Revenue Service now contends is the proper one, resulting in a tax about $394,000 higher for the year 1957.

Applicant takes the position that since no one is able to predict the outcome of the current proceeding in the tax court, it is obligated to provide for a contingency which may occur and that it would be remiss if this contingency were not provided for. We will accept applicant's reasoning on this point and allow for the higher tax amount. However, our adopted income tax will be higher than shown by applicant due to higher net revenue on which to compute income taxes.

Applicant made a motion to strike certain portions of the staff's evidence pertaining to higher rates of return using the so-called "flow-through" method of treating accelerated depreciation and amortization.. So far as accelerated depreciation is concerned this order is predicated on the straight-line method of tax depreciation accounting. The granting of applicant's motion would therefore have no effect on this order in this regard. But the Commission may desire to consider the staff's computations in a supplemental order herein and applicant's motion is therefore denied.

Rate Base

Applicant's depreciated book-cost rate base for 1957 exceeds the staff's 1957 estimated rate base by $6,085,000 or 0.7 per cent. A major part of this difference results from the elimination by the staff of $3,733,907 of gross additions from the applicant's 1957 budget on the basis that they would not become operative during 1957, and from the inclusion of materials and supplies by the applicant of unpaid invoices in the estimated amount of $1,000,000, which the staff eliminated. We will adopt the staff's rate base as shown on Table No. 2 as reasonable.

Adopted Operating Results

The adopted operating results which we find as reasonable to be used by the Commission for the purpose of determining the amount of increase to be authorized are shown on Table 1. Summarized,

TABLE 2

SUMMARY OF RATE BASE FOR 1957

	Applicant's Exh. Nos. 10 & 70	Staff's Exh. No. 37
Plant as of 12/31/56:		
Intangible	$ 49,000	$ 49,000
Production		
Steam	196,058,000	196,059,000
Hydro	150,931,000	150,931,000
Transmission	179,705,000	179,705,000
Distribution	382,897,000	382,897,000
General	37,425,000	37,425,000
Total Plant as of 12/31/56	$ 947,065,000	$ 947,066,000
Vernon City Leasehold	3,661,000	4,646,000
Operative Constr. Work in Progress	17,153,000	17,153,000
Operative Constr. Work in Suspense	2,142,000	1,675,000
Weighted Average Net Additions	63,296,000	61,713,000
Total Weighted Avg.Elect.Plant	$1,033,317,000	$1,032,253,000
Deduction for Depreciation	$ 173,177,000	$ 174,913,000
Weighted Average Net Electric Plant	$ 860,140,000	$ 857,340,000
Modifications:		
Contributions in Aid of Construction	$ (8,800,000)	$ (8,800,000)
Customers Advances for Construction	(1,250,000)	(1,250,000)
Etiwanda Interest During Construction	272,000	272,000
Santa Susana Experimental Station	767,000	767,000
Rural Line Extension Costs	(239,000)	(239,000)
Non Operative Plant	-------	(14,000)
Total Modifications	$ (9,250,000)	$ (9,264,000)
Working Capital:		
Weighted Average-Materials & Supplies	$ 19,500,000	$ 18,500,000
Prepayment on Fuel Oil	4,927,000	4,650,000
Working Cash Allowance	11,000,000	7,689,000
Total Working Capital	$ 35,427,000	$ 30,839,000
Weighted Average Depreciated Rate Base	$886,317,000	$878,915,000
Rounded Figure Used by Applicant	$885,000,000	

(Red Figure)

the results of applicant's operations for the year 1957 at present rates are as follows:

Operating Revenues	$218,022,000
Operating Expenses, with straight-line tax depreciation	173,445,000
Net Revenue	44,577,000
Rate Base, Depreciated	878,915,000
Rate of Return	5.07%

Rate of Return

It is applicant's contention that rates should be prescribed to produce earnings to yield an average 6.4 per cent rate of return on its investment in plant over a reasonable future period. Applicant states that under the law it is entitled to such rates as will permit it to earn a return equal to that generally being earned on investments in other business undertakings which are attended by corresponding risks and uncertainties.

In arriving at its proposed 6.4 per cent rate of return, applicant takes into account the annual cost of bond and preferred stock monies and an allowance for equity capital of about 11.5 per cent. Such allowance is predicated on the average earnings of 48 of the largest electric public utilities in the United States as shown in Exhibit No. 11; the arithmetic mean shown for such companies is 11.35 per cent.

The staff's Exhibit No. 37 shows the long-term debt ratio after giving weight to the latest bond issue is 49.6 per cent, the preferred stock ratio is 15.4 per cent and the equity capital ratio is 35.0 per cent. Giving weight to average rates of 3.22 per cent on long-term debt, 4.25 per cent on preferred and 11.5 per cent on equity, a cost of money of 6.28 per cent is computed.[3] These average

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Item	Ratio		Rate		Total
Long-term debt	49.6%	x	3.22%	=	1.60%
Preferred Stock	15.4	x	4.25	=	.65
Equity Capital	35.0	x	11.50	=	4.03
	100.0				6.28

rates on long-term debt and preferred stock issues are substantially below the current going rates.

Applicant's witnesses pointed out the very significant changes that have occurred with respect to the costs of raising capital since 1954 when the Commission established a 5.9 per cent rate of return for the applicant. Under present and reasonably forseeable conditions, applicant contends that a rate of return established today should average at least a half of one per cent higher than the rate of return established in 1954.

A representative for the municipalities purchasing resale energy from applicant presented Exhibit No. 56 containing a tabulation of earnings-price ratios and dividend-price ratios and a debt ratio frequency table, and arrived at the conclusion that if the applicant would finance more of its expanding plant by debt rather than stock sales it could increase its earnings on book value without increasing rates for service. He also indicated a rate of return of about 6 per cent is within the zone of reasonableness. Applicant points out that a 6 per cent figure is about one half of one per cent higher than this witness recommended in 1954.

Trend of Rate of Return

Applicant represents that because of the effects of continuing inflation, its rate of return has been declining; that it never reached 5.9 per cent after the last increase and that the rate of return initially established must be higher than the average rate of return found to be reasonable in order to produce over a reasonable period the level of earnings which the rates are designed to produce. It suggests an initial rate of return allowance of 6.74 per cent, which would decline down to 6.41 per cent at the end of a year.

Applicant states that the decline in rate of return reflects the combined effect of positive and negative cost factors based upon

an analysis of the changes in cost per average customer. Between 1954 and 1958, applicant states that the change in the rate of return is attributable to the following factors:

a.	An increase in rate base per customer with accompanying increases in depreciation expense and property taxes	-1.78%
b.	An increase in revenue per customer	+2.04
c.	An increase in fuel costs, wage payments and other expense	-1.46
d.	A decrease in income taxes payable at the lower earning level	+0.36
e.	Total net decrease in rate of return	-0.84

An alternative method suggested by applicant to meet this declining trend in rate of return would be to adopt tax clauses and fuel clauses to apply to the rates. Applicant mentions that increasing business and improved operating efficiencies can offset most of the other items mentioned.

The staff's analysis showed an uptrend in rate of return between 1956 adjusted of 5.01 per cent to 1957 estimated of 5.20 per cent or an 0.19 per cent uptrend. With respect to ad valorem taxes the staff's witness testified that if he had trended the average tax rate as the applicant has done, this upward trend in rate of return would have been reduced by 0.08 per cent. He further testified that reflecting the historical 1956 wage levels, instead of 1957 wage levels, would reduce this upward trend by 0.10 per cent. The staff states that the downward trend in rate of return between 1956 and 1957 which applicant shows in its exhibits, may be attributed principally to the large increase in fuel prices between the two years and to the applicant's lower estimate of sales and revenues, other factors being largely offsetting in their effect on rate of return.

The Commission does not look with favor upon automatic cost clauses and in the past has permitted fuel clauses in rates principally to meet competitive conditions. Because of the anticipated more favorable gas supply and its effect on composite unit fuel cost in 1958, as indicated by staff's Exhibit No. 82, we see no need for a fuel cost clause. The staff's study in effect shows a level trend between 1956 and 1957 after its adjustments which offset the factors supporting applicant's forecast of a down trend of 0.33 per cent. Our present conclusion on this point is that a trend allowance of 0.12 per cent in rate of return should enable applicant to earn the return found reasonable for the future.

Conclusion on Rate of Return

In considering the question of rate of return the Commission has considered its former finding of 5.9 per cent as a fair rate of return in Decision No. 50449 dated August 17, 1954, under Application No. 33952. In that decision weight was given to the position of the applicant as well as that of the interested parties and protestants. The Commission recited a number of elements which were considered in arriving at its informed judgment. Many expense items have increased since that decision, including an increase in the cost of bond money. One new issue of securities carried a yield over 1.0 per cent greater than issues of the past. However, when weighted in with the capital of prior years, the increase in over-all total cost of capital has been very much less. The City of Los Angeles, in its closing argument, stated that earnings of 0.12 per cent above the rate found reasonable in Decision No. 50449 compensates for the increased money costs.

The United States Government desired to present evidence on rate of return but was unable to obtain a suitable expert witness

prior to the time the hearings were completed and the matter submitted. However, counsel for the government did extensively cross-examine applicant's witnesses on the subject of rate of return and in its closing statement contended that no increase in the 5.9 per cent rate of return should be authorized.

Upon careful consideration of the evidence before us, we find that a net revenue equivalent to 6.37 per cent on a depreciated rate base and based on the estimated level of business for 1957 is adequate and will provide the opportunity for applicant to earn a rate of return for the future of at least 6.25 per cent, which rate of return we hereby find to be fair and reasonable. When a rate of return of 6.37 per cent is applied to the depreciated rate base of $878,915,000 hereinbefore found reasonable, an over-all increase in annual gross revenue of $25,000,000 will be provided. This increase is approximately $9,000,000 less than requested by applicant.

Effect of Increase Using 1958 Estimates of Record

The Commission is concerned that the indicated lower unit cost of fuel in 1958, because of additional gas supply under Schedule G-54 and the proposed direct purchase of gas from El Paso Natural Gas Company, might indicate a lesser total increase than $25,000,000. Monolith Portland Cement Company and others were particularly concerned that the improved fuel outlook for 1958 be fully reflected before the Commission makes its decision in this matter. In fact, Monolith is so concerned that on August 27, 1957 it filed a petition requesting that the submission be set aside and the proceeding reopened in order to take additional evidence, including the question of whether here or in Application No. 39250 it may protest the construction by the applicant of the Richfield Gas Line

and whether the capital cost of such facilities are to be considered a part of the rate base.

Using the figures of revenues, expenses and rate base which applicant placed in the record for the estimated year 1958, except for the lower fuel cost in 1958 shown by the staff[4] in Exhibit No. 82, we have determined that with the authorized increase of $25,000,000 the 1958 rate of return will not exceed 6.25%. Based on this finding we hereby deny Monolith's petition to reopen the proceeding and suggest that this matter be pursued in the certificate case.

Rate Factors

Having decided upon a revenue increase figure, the next problem is to spread this increase amongst the various classes in a reasonable fashion. Many factors influence the level of rates and several were mentioned in Decision No. 50449. Some of the more important ones are rate history, value of service and cost to serve. The applicant included in its Exhibit No. 10 a cost of service summary for the year 1957.

Cost of Service

The results of applicant's cost of service analysis were expressed as rates of return by classes of service under both the present and applicant's proposed rates as follows:

Class Rates of Return for Estimated Year 1957

Class	Under Present Rates	Under Proposed Rates
Domestic	5.4%	6.9%
Lighting and small power	9.1	11.1
Large power	3.3	5.3
Agricultural and pumping	3.2	4.7
Street lighting	1.6	3.2
Railways	2.7	4.9
Municipal utilities	3.3	7.0
Vernon system	3.2	5.3
System Total	4.9	6.7

4 The staff did not prepare a regular 1958 estimate.

Applicant states that the general principles and cost allocations employed in its analysis are substantially the same as utilized in past studies by it and do not differ materially from objective studies presented in other electric rate proceedings before this Commission. It is significant, applicant states, that certain of the parties to this proceeding, who in other proceedings have indicated a specialized knowledge in this particular type of analysis, failed to introduce on their own behalf an independent cost of service analysis for the information of the Commission. Instead the parties confined their efforts to cross-examination of applicant's study. This procedure suggests, applicant submits, that their own analysis either would not produce significantly different results, or would produce results which would reflect lower returns than those shown by Exhibit No. 10 from the customers they represent.

Applicant represents that these parties were quite unsuccessful in casting doubt on its cost of service analysis and mentioned that the specialized cost studies shown in Exhibit No. 49 on Vernon and in Exhibit No. 64 on heating and appliance usage do not in any way discredit its cost of service analysis. These latter two exhibits will be discussed in our analysis of the particular rates concerned.

The California Manufacturers Association disagreed with applicant's assignment of 27.8% of power pool rate base and expenses, other than fuel, to the energy component and stated this is a complete disregard of the manner in which such costs arise. The association in making cost studies would assign fixed costs almost entirely to the demand component and would assign only the variable costs to the commodity component; and its counsel pointed out that

one authority[5] justified the allocation of a portion of fixed charges on the basis of kilowatt hours of use on the ground that "such transfer is in harmony with prevailing rate practice, which tends to keep demand charges down as low as possible, consistent with necessary protection, transferring the balance of demand costs to the energy part of the schedule which is ordinarily less subject to controversy." The association holds that such considerations have no place in determining costs incurred in serving customer classes as a step in the rate-making process.

Applicant's allocations of cost were made in accordance with load factor and diversity relationships, but did not use the excess demand principle in spreading demand costs as between the classes where a portion of the fixed charges are assigned to the energy column. If the fixed charges are assigned to the energy column in ratio to load factor, and excess demands (over the average demand) are used to allocate the remaining fixed costs as between classes, the results would be approximately the same as under the method advocated by California Manufacturers Association. Since applicant used the full demand rather than the excess demand in allocating costs to the large power group it is probable that the returns shown are on the low side. Furthermore, applicant used non-coincident peaks in allocating costs rather than the coincident system peak. For certain class loads, which exhibit off-peak characteristics, the returns shown may be on the low side. The Commission will exercise its informed judgment on the important question of cost of service, taking into consideration applicant's cost of service study together with the other evidence of record.

5 L. R. Nash, Public Utility Rate Structures (1st Ed.), pp. 235-237.

Rate Zoning

Applicant proposes no changes in the number of zones, established at six by the Commission in 1954, for the general service and domestic customers; however, it proposed revisions in zone levels for certain cities and communities based upon a zoning criteria study which it made. In Decision No. 50449 the Commission required the applicant to study the location, size and density of its cities, built-up communities, suburban, and rural areas; and to propose zoning criteria. Applicant's study, filed in 1955, proposed that the density (customers per mile of line) should be 2.6 to 3.0 times the system average density and the number of customers 10,000 to 50,000 or more to qualify for zone No. 1. For zone No. 2 there would have to be 5,000 to 10,000 customers or more and 2.0 relative density; for zone No. 3, 8,000 to 50,000 customers and 1.6 to 1.8 relative density; for zone No. 4, 3,000 customers and 1.3 to 1.8 relative density; and for zone No. 5, 500 to 2,000 customers and 0.8 to 1.2 relative density. All customer groups that did not qualify as to numbers and density would be placed in zone No. 6.

Applicant also has indicated the effect on relative density brought about by the exclusion of miles of line used for street lighting only, and in its Exhibit C-1 has reflected those densities where such exclusion resulted in more favorable rate treatment. It is apparent, however, that applicant uses city limits and the status of incorporation as a major factor in its criteria. The Commission has stated its views on the matter of establishment of boundary lines of rate zones in previous decisions[6], eliminating the requirements of incorporation and the city boundary line as controlling

6 Decision No. 47832, 52 Cal. P.U.C. 111; Decision No. 50744, 53 Cal. P.U.C., 616.

factors in zoning. By Decision No. 53143[7], procedures for establishing rate areas and a plan providing for reasonable rate treatment to pending and future incorporations and annexations were developed. Rates hereinafter prescribed as applicable in an incorporated city or rate area shall apply within the boundary of such city or rate area as it exists on the date the rates herein authorized become effective. In the case of new incorporations, or annexations, the application of lower rate levels will be restricted to that portion of the area within the newly incorporated limits, including subdivisions under active development, which have the general characteristics applicable for such lower rate level. Territory contiguous to cities should be reviewed periodically to determine if any newly developed territory has urban characteristics warranting consideration for either more favorable rate treatment or for rates comparable to the adjoining city. Existing rate areas should be reviewed periodically to determine if boundary revisions are indicated. Certain zoning changes, reflecting the above considerations, are authorized herein, and others may be considered in the future. The order will provide for the filing of tariff schedule maps consistent with the rate areas being provided.

The cities and major communities which applicant proposes to change to different zones and their relative size and density qualifications follow:

City or Community	Number of Customers	Relative Density	Zone Level Present	Zone Level Proposed
Signal Hill	2,300	1.2	2	3
Baldwin Hills	5,900	1.4	2	3
Long Beach-Lakewood	1,300	0.9	2	3
Imperial Highlands	11,500	2.2	3	2
Dairy Valley (Part)	100	0.5	3	5
Brea	2,300	1.1	4	5

7 Case No. 5706, Pacific Gas and Electric Company, Investigation as to propriety of using corporate limits as major factors in establishing rate areas.

City or Community	Number of Customers	Relative Density	Zone Level Present	Zone Level Proposed
Gardena	8,600	1.7	3	2
Lawndale	15,400	1.6	3	2
Oxnard	8,100	1.5	4	3
West Covina	11,200	1.0	5	4
Delano	3,500	1.1	4	5
Exeter	1,700	1.5	4	5
Lindsay	2,000	1.2	4	5
Placentia	1,000	1.2	4	5
Redlands	8,400	0.9	4	5
Baldwin Park	9,300	1.5	5	4
Garden Grove	14,500	1.5	5	4
La Puente	4,400	1.3	5	4
Monte Vista	2,400	1.0	6	5
Carpinteria	1,200	1.0	5	6
East Tulare	200	0.7	5	6
Farmersville	900	1.2	5	6
North Hanford	400	1.3	5	6

The City of Long Beach states that it is the largest city served by the applicant with regard to number of customers, kwhr sold and operating revenue and that it should be returned to its former status and placed in a single rate zone, lower than that of any other city or community served by this applicant, as formerly was the case and as was proposed in Application No. 33952.

A protest was made regarding the proposed rezoning of the smaller cities of Lindsay and Exeter in Tulare County and Delano in Kern County, on the ground that they have conditions very similar to those of the larger cities in the counties and it was suggested that the Commission should study the situation very carefully before differentiating between cities. In comparing these cities with cities like Hanford, Porterville, Tulare and Visalia the main differences are generally smaller size or lower relative density. While Delano is about as large, it has lower density; and Exeter and Lindsay are both smaller in number of customers.

An area known as La Mirada requested a lower rate zone. This area was surveyed by applicant and showed a 1.5 relative density with 7,600 customers in the area under consideration for incorporation as a new city. On incorporation, applicant suggested a Zone 4

rate level. Applicant should not wait for incorporation but should immediately proceed to survey the area, provide a boundary and classify under Zone 4 if the conditions so warrant.

A representative for the City of Port Hueneme also requested a lower rate zone, pointing out that Oxnard and Port Hueneme were in reality one large community and that the applicant did not establish a separate office and serving center for Port Hueneme. Applicant surveyed this area and reported that the same relative conditions exist now as in the prior rate case and that it is not customary to combine two cities for zoning purposes. After considering this matter we will lower the zones of the two cities by one step, that is to Zone 3 for Oxnard and Zone 4 for Port Hueneme.

A customer's representative, who also appeared on behalf of the cities of Ontario, Visalia, Oxnard and Upland, suggested that the Commission revise the zoning plan and reduce the number of zones from six to three or four as shown in his Exhibit No. 73. He pointed to the sharp rate of growth that has taken place in southern California and suggested the following areas be considered as metropolitan areas:

(1) Los Angeles-Long Beach-Orange County, including San Gabriel and the Pomona Valley area;

(2) The Ontario-Riverside-San Bernardino triangle.

He recommended a minimum of 7,500 meters and a density of 75 to qualify for zone No. 1 status. Presumably all customers in the above so-called metropolitan areas would fall into his zone No. 1 segregation. He also suggested special treatment for certain cities that have considerable undeveloped or rural area within their city boundaries that tend to lower their density qualifications.

We have carefully considered the zoning proposal made by this representative and are of the opinion that his proposed zoning changes are much more radical than those proposed by the applicant. Furthermore, his plan would not differentiate between customers in large groups of 50,000 or more and those in smaller groups such as 7,500, although there definitely is a measurable difference between such areas in cost of transmission and step down per average customer. All of the applicant's proposed changes involve a shift of only one zone, up or down (except for one small area being proposed for a two zone step up) and we are of the opinion and find that the applicant's proposed changes are reasonable and should be instituted as hereinafter provided.

Rate Spread

Applicant's proposal to increase the rates of certain classes of customers a greater amount percentagewise than those of other classes elicited extended cross-examination and testimony from customers in certain of the classes, particularly those with the proposed larger increases. The City of Long Beach and others appeared to favor a uniform percentage increase. Applicant took the position that increases resulting from the application of a fixed percentage to vastly different basic rates would inherently create indefensible inequities. The extent of the variation proposed for the various classes is set forth in the following summary:

APPLICANT'S PROPOSED INCREASES BY CLASSES

Class of Service	Present Revenue	Proposed Increase	Increase Ratio	Increase Cents per kwhr
General Service-Single Phase	$ 40,310,000	$ 5,048,000	12.5%	0.34
General Service-Three Phase	41,511,000	9,149,000	22.0	0.18
Domestic	78,697,000	9,514,000	12.1	0.35
Heating (Principally Commercial)	615,000	176,000	28.6	0.67
Street Lighting	3,878,000	855,000	22.0	0.57
General Power	17,034,000	2,964,000	17.4	0.32
Agricultural and Pumping	17,865,000	3,263,000	18.3	0.25
Railways	580,000	150,000	25.9	0.23
Resale	2,415,000	880,000	36.4	0.28
Vernon	9,677,000	2,089,000	21.6	0.20
Other Sales	227,000	----	----	----
Total Sales of Electric Energy	212,809,000	34,088,000	16.0	0.26

It will be noted that the above proposed total increase is approximately one-third greater than the amount being found reasonable herein and gives room for readjustment in the proposed increases sufficient to allow for revisions as proposed in the zoning system and for some reductions from applicant's proposed rates, as urged in the contentions of the various parties, without exceeding applicant's proposed rate increases for any customer group.

Domestic Service

Applicant proposes to increase the customer charge by a uniform 15 cents in all schedules and by amounts in the block rates up to 0.5 cents per kwhr. Applicant's present and proposed domestic rate levels and those being authorized herein are:

Present Rates

Blocking	Schedule No. D-1	D-2	D-3	D-4	D-5	D-6
Customer Charge per Mo.	$0.50	$0.60	$0.70	$0.80	$0.85	$0.90
First 45 kwhr per kwhr	3.4¢	3.6¢	3.9¢	4.3¢	4.6¢	4.7¢
Next 60 kwhr per kwhr	2.2	2.5	2.8	3.1	3.3	3.4
Next 105 kwhr per kwhr	1.9	1.9	2.0	2.0	2.1	2.1
Over 210 kwhr per kwhr	1.3	1.3	1.3	1.3	1.3	1.3

Applicant's Proposed Rates

Customer Charge per Mo.	$0.65	$0.75	$0.85	$0.95	$1.00	$1.05
First 45 kwhr per kwhr	3.9¢	4.1¢	4.4¢	4.8¢	4.9¢	5.2¢
Next 60 kwhr per kwhr	2.4	2.7	3.0	3.3	3.4	3.6
Next 105 kwhr per kwhr	2.1	2.1	2.2	2.2	2.3	2.3
Over 210 kwhr per kwhr	1.6	1.6	1.6	1.6	1.6	1.6

Authorized Rates

Customer Charge per Mo.	$0.65	$0.75	$0.85	$0.95	$1.00	$1.05
First 45 kwhr per kwhr	3.9¢	4.1¢	4.4¢	4.8¢	4.9¢	5.2¢
Next 60 kwhr per kwhr	2.4	2.7	3.0	3.3	3.4	3.6
Next 105 kwhr per kwhr	2.1	2.1	2.2	2.2	2.3	2.3
Over 210 kwhr per kwhr	1.4	1.4	1.4	1.4	1.4	1.4

Where the customer has an electric water heating installation conforming to Rule No. 32 the rate for monthly usage between 210 kwhr and 660 kwhr will be increased from 1.0 to 1.1 cents per kwhr as proposed by applicant. It will be noted that we have increased the

terminal rate in the regular domestic schedule by 1 mill per kwhr instead of the 3 mills per kwhr as proposed by applicant.

General Service, Schedules A-1 to A-6

For Schedules A-1 to A-6 applicant proposes to increase the customer charges by a uniform 15 cents in all schedules and by amounts in the block rates up to 0.5 cents per kwhr. Also it is proposing a uniform rate level of 2.3 cents per kwhr for all usage over 3,000 kwhr per month. This proposed change results in a slight reduction in the outer blocks for Schedules A-5 and A-6. Applicant's present and proposed general service rates and those being authorized herein for the Rate A portion of the schedules follow:

Present Rates

Blocking	Schedule No. A-1	A-2	A-3	A-4	A-5	A-6
Customer Charge per Mo.	$0.50	$0.60	$0.70	$0.80	$0.85	$0.90
First 100 Kwhr per Kwhr	3.4¢	3.6¢	3.9¢	4.3¢	4.6¢	4.7¢
Next 400 Kwhr per Kwhr	3.1	3.5	3.8	4.0	4.3	4.4
Next 1,000 Kwhr per Kwhr	2.4	2.8	3.0	3.2	3.5	3.6
Next 1,500 Kwhr per Kwhr	2.1	2.4	2.6	2.8	2.9	3.0
Over 3,000 Kwhr per Kwhr	2.0	2.1	2.2	2.3	2.4	2.4

Applicant's Proposed Rates

Customer Charge per Mo.	$0.65	$0.75	$0.85	$0.95	$1.00	$1.05
First 100 Kwhr per Kwhr	3.9¢	4.1¢	4.4¢	4.8¢	4.9¢	5.2¢
Next 400 Kwhr per Kwhr	3.6	4.0	4.3	4.5	4.7	4.9
Next 1,000 Kwhr per Kwhr	2.9	3.2	3.4	3.6	3.8	4.0
Next 1,500 Kwhr per Kwhr	2.5	2.7	2.9	3.0	3.1	3.3
Over 3,000 Kwhr per Kwhr	2.3	2.3	2.3	2.3	2.3	2.3

Authorized Rates

Customer Charge per Mo.	$0.60	$0.70	$0.80	$0.90	$0.95	$1.00
First 100 Kwhr per Kwhr	3.9¢	4.1¢	4.4¢	4.8¢	4.9¢	5.2¢
Next 400 Kwhr per Kwhr	3.6	4.0	4.3	4.5	4.7	4.9
Next 1,000 Kwhr per Kwhr	2.8	3.1	3.2	3.4	3.7	3.8
Next 1,500 Kwhr per Kwhr	2.3	2.3	2.3	2.3	2.3	2.3
Over 3,000 Kwhr per Kwhr	2.0	2.0	2.0	2.0	2.0	2.0

These schedules show an above average level of return and the increase is being set considerably below that requested for certain usages and particularly for that usage beyond the first 1,500 Kwhr per month there are reductions in the outer blocks.

Presently applicant's Schedules A-1 to A-6 are limited to single-phase service. In our opinion these schedules should be opened to three-phase service under certain conditions, permitting some of the smaller P-1, P-2 and A-7 customers to transfer to appropriate general service schedules. This will provide an opportunity for the general service customer who now has separate lighting, power and heating meters to consolidate all load on one meter and save going through the higher initial charges on each schedule.

Heating Service, Schedule H (Principally Commercial)

Applicant requested that this heating schedule be eliminated. The representative for the Perfectaire Manufacturing Company opposed the applicant's proposal based on his cost study Exhibit No. 64. This schedule is of advantage principally to low consumption customers with low load factors. If this schedule were retained the Commission would be inclined to raise such rates considerably more percentagewise than those of the general service schedule, so that the business automatically would tend to transfer over to the general service schedule. Rather than so increase Schedule H we will authorize applicant to withdraw the schedule and transfer the business over to the applicable general service or power schedules. Applicant should notify each present customer under Schedule H of

the fact that the schedule is being withdrawn, and should explain the advantages to the customer of combining this load with the lighting or other load; and it should state what schedule the heating load is being billed under pending the customer's analysis and decision regarding combining of his load.

General Service, Schedule A-7

Applicant proposed increasing schedule A-7 by 22.0 per cent on the average, which is 6 percentage points more than it proposed for the system as a whole. Applicant's main basis for requesting a higher ratio of increase than for the system as a whole was that its cost analysis showed the return from this class of service to be below system average, and that compared with power rates on other utility systems individually and on a national average, the rates for this class of service were on the low side. Also, applicant proposed inserting a competitive fuel clause providing for rate escalation. This schedule is the one on which the large industrial users purchase three-phase energy and applicant's proposal elicited extended testimony and argument.

Kaiser Steel Company, applicant's largest customer, opposed the proposed increase in this class of service on several grounds: (1) That its load was so large that applicant's cost study was not applicable because practically no distribution costs are involved in its service; (2) By reason of size and supply of by-product fuel, it is in a unique position with respect to its ability to generate its own power on a competitive basis; (3) It suffers an unreasonable discrimination in present rates by reason of the low rates charged to its competitor Bethlehem Steel in Vernon. Kaiser expects its load to pass the 100,000 kw

mark in 1958 and asks modification of the present Schedule A-7 to make applicant's rates competitive at Kaiser's level of use and to eliminate the discrimination in the Vernon rate situation.

The United States, as a customer of the applicant at many points and stations, stated that service to government installations, in the main, is taken under Schedule A-7. It opposed any increase whatsoever in rate of return for the applicant and was opposed to the type of fuel clause proposed by the applicant.

The Monolith Portland Cement Company took the position that, because of high load factor of operation and historical considerations, it is entitled to special consideration; that the Commission should give appropriate weight to the competitive situation in the cement industry where a competitor has waste heat for proprietary generation, and that consideration should be given to G-54 customers such as Monolith, who lose gas to applicant and whose electric rates bear the inflated costs of uneconomical gas acquisitions, such as the Richfield line, as well as expensive fuel oil, under applicant's theories of cost allocation.

The California Manufacturers Association opposed applicant's proposal to increase the demand charges of Schedule A-7 by 15 to 20 cents per kw and stated that the increase in ad valorem taxes since 1954 has been only 9.9 cents per kw per month. Likewise, the association opposed the proposed increases in energy charges on Schedule A-7 by from 0.12 to 0.18 cents per kwhr and stated that the average fuel cost from 1954 to 1957 increased only by 0.06958 cents per kwhr. Such figure overlooks the fact that a larger percentage of applicant's energy sales is now produced in steam plants; and when the fuel increase is related to the total system sales the average fuel increase is nearly 0.1 cent per kwhr in the 3-year period.

We will limit the increases in Schedule A-7 to approximately 16 per cent and will provide for a 5 cent lower demand charge beyond 50,000 kw of demand.

Trailer Court Rates

A customer operating a trailer park near Visalia testified that she is losing money on reselling energy to trailers. She buys energy on Schedule A-6 and resells it on Schedule D-6. Because the rate is lower on the D schedules for large users she showed a loss when only one or a few trailers were in her park. The applicant made an analysis of some of her bills during the winter months when she had an average of 25 trailers in the park and determined that there should be no loss. She did not desire to profit on these sales.

The applicant's rules on file with the Commission require that where energy is resold it be sold at the same rate as sold by the applicant. Since both the rates A-6 and D-6 are being increased, this customer's position should remain relatively unchanged as she will pass on the increase to the trailers. In case the customer decided that she is losing money under this arrangement the applicant suggested that she investigate the possibility of having the utility individually meter and bill each trailer. This is a problem that the customer can solve with the applicant and is not a reason for denying applicant's request.

General Power

Applicant proposed increasing the general power rates by 17.4 per cent on the average. This request was opposed particularly by the California Manufacturers Association on the same general grounds that the proposed increases in Schedule A-7 were opposed

except that the proposed general power schedules do not contain fuel clauses. We will limit the increase in general power service to approximately 12 per cent on the average.

Agricultural and Irrigation Rates

A number of customers appeared at the hearing in Visalia to protest the proposed increase in agricultural rates. Some were concerned over the lowering water tables and the increase in power and energy required because of the greater lift. When this increased energy usage is added to the approximate 18 per cent increase proposed by the applicant, some stated that farming operations could not be carried on profitably. Others felt that the proposed increase to the farmer was disproportionate compared to the other classes of service. A general view was expressed that agricultural prices are so far below parity in most instances that increases in power bills cannot be afforded.

Practically similar protests were made by separate groups of customers representing the Grange and Farm Bureau Federation from the Antelope valley, who testified at the hearing on May 2, 1957. Of most concern was the applicant's proposal to increase the third energy block in the rate from 0.57 to 0.70 cents per kwhr or by 22.8 per cent. Because of the pumping depth, many indicated they had large usage in the third energy block. Others protested the switch over by the applicant from conjunctive billing to individual metering as required by the Commission's last rate order.

The California Farm Bureau Federation presented 9 exhibits (Exh. Nos. 18-26) through a witness well versed in the economics of farming and financial operations. These exhibits were submitted for the purpose of showing that the farmer is caught in a cost-price squeeze that has lowered his ability to pay higher agricultural rates.

He pointed out that net farm income nationally dropped from $17.2 billion in 1947 to $11.3 billion in 1955 and recovered to only $11.7 billion in 1956. Under cross-examination by applicant the fact was brought out that the farm income in 1940 was $4.3 billion and that the applicant's agricultural power rates have not followed this upswing from pre-war levels. Also, this witness forecast serious marketing problems ahead for California's citrus fruit crops from competition from fruit grown in Florida.

This witness urged that more consideration should be given to the "volume user". His own experience was that with large volume the unit costs to provide service decrease. Another witness pointed to the increased volume of use per pump due to the lowering water tables compared to former years. The Commission has carefully considered the economics of volume usage and is of the opinion that the form of agricultural power rate now in use allows the volume user to enjoy a lower unit cost of electricity than the intermittent or small user. For example: a 5-hp customer using 3,000 kwhr per hp per year on Schedule PA-1 now pays an average rate of 1.17 cents per kwhr, whereas a 50-hp customer using the same 3,000 kwhr per hp per year pays an average rate of 1.07 cents per kwhr.

The Friant Waters Users Association took the position that agricultural use is declining and that the growth of the applicant's system is required primarily by increased domestic and industrial load in southern California and agriculture is not causing the increased expenses of the applicant. Also, the association urged special lower rates for public water districts.

The Terra Bella, Vandalia and Sausalito Irrigation Districts presented several reasons why the increase to agriculture should be limited, such as: agricultural cost of service assignments should

not include allocations of city franchise costs and smog control, agriculture has its greatest use in the summer time when energy costs are lower than the yearly average, and agriculture shows a lower rate for uncollectibles than other classes of service.

The Newhall Land and Farming Company entered a protest against the level of the increase in agricultural rates and pointed out that its total power cost has risen by 94 per cent since 1954. It asked that the Commission limit the proposed increase in power rates so that such rates will not unduly burden agriculture.

In considering what level of rates is proper for agriculture, it is the Commission's opinion that the ratio of increase should not be as great as proposed by applicant. Applicant's method of predicating its cost study on noncoincident peak demands does not give full credit for the offpeak nature of this load with respect to the system winter peak. However, the agricultural load causes summer peaks that are difficult for the applicant to serve and the growth of the air conditioning load may in time swing this system over to summer peaks. Pending such change in system characteristics we will give agriculture some credit for off peak load and increase the rates for this service by 13 per cent on the average.

Municipal Pumping

A protest was lodged against the service charge for municipal water pumpage by a representative of the City of Lindsay. He pointed out that a municipal water utility must have reserve pump capacity in order to assure continuous water service. With spare pumping capacity the utility is required to provide more standby capacity on its system and it is only reasonable that applicant receive the service charge to cover its additional standby capacity.

Street Lighting Rates

A representative for the City of Lindsay objected to the proposed 22 per cent increase in street lighting rates on the grounds that it would be too large a burden for a small city to carry. Street lighting is a service that falls on the applicant's peak and little diversity credit would be due. We will limit the increase to this class of service to 15 per cent.

Railway Service

Applicant proposes to increase railway rates by 25.9 per cent on the average. The Los Angeles Transit Lines appeared as an interested party but opposed this request. We will limit the increase in railway rates to about 18 per cent.

Resale Service

Applicant proposes a 36.4% increase in the level of the resale rate compared to an average system increase of 16.0%. Applicant states that the level of the resale rate has been designed to assign to municipal distribution utilities their full share of the applicant's system costs of providing the service so that no inequitable burden, because of any deficiency in return from the resale service, will be placed on applicant's domestic and commercial customers which are of the same general character as those served by the resale cities. It mentions that the level of the proposed resale rate is higher than that of the general service rate, Schedule A-7, and that the increase proposed parallels very closely the 2.9 to 3.5 mills per kwhr applicant is proposing for its own domestic and commercial customers.

In vigorously opposing the applicant's proposed increase, the four resale cities, Anaheim, Azusa, Colton and Riverside, point out that applicant is now and for many years has been the beneficiary

of written contracts with these cities whereby the latter agree to confine their utility service within their respective city limits and to purchase from the applicant all of the energy required to render that service. Historically those cities have received energy from applicant at rates approximating those charged by applicant to its other large power customers. The record shows that historically in Riverside and Anaheim sale of energy to these cities for resale was coupled with disposal by the cities of their municipally owned generating facilities and that in the case of Azusa, applicant superseded other sources of supply.

The cities state that the proposed increase is particularly unfair to the City of Colton because its demand has never reached the proposed minimum demand of 5,000 kw specified in the proposed new schedule.

Applicant's cost analysis indicated that the return from the resale cities under present rates is 3.3 per cent and under its proposed rates is 7.0 per cent. Such percentage is higher than the requested average return of 6.74 per cent. In our opinion the resale rates should continue to be kept in reasonable balance with the large power rates, taking into account differences in peak load hours and load factor characteristics of these two classes of service. This does not justify as large an increase as proposed and we are reducing it to about 16 per cent on the average. Likewise we do not approve of the applicant's proposal to raise the minimum charge from $75.00 to $5,250.00 a month. This minimum will be increased only to $200.00 per month.

Fuel Escalator Clause

Applicant is requesting that fuel escalator clauses be inserted in its Schedules Nos. A-7 and R covering industrial sales and resale energy. The purpose of the proposed clauses is to maintain

the levels of these rates in competitive relationship with the cost of private generation at the going market price of fuel oil. The price of fuel oil at any time is to be predicated on the posted price of fuel oil at the El Segundo Refinery of the Standard Oil Company of California. The clause would increase or decrease the level of the energy rates in these schedules by 0.007 cents per kwhr for each 5 cents (or major fraction thereof) change in the price of fuel oil per barrel. This rate of change is based on an assumed generating efficiency of 740 kwhr per barrel of oil. The base price in the schedule is $2.80 and at the time of submission of the case the posted price had been increased to $2.85 per barrel by the oil companies.

The California Manufacturers Association stated that the efficiency of 740 kwhr per barrel is considerably higher than the 690 figure shown for applicant's most efficient plant and the actual efficiency at which any customer might be able to generate his own energy may cover an extremely wide range. Where waste heat is available and the quantity of fuel purchased solely for electric generation is small, such a customer may have an average efficiency per barrel of purchased fuel substantially in excess of the 740 kwhr assumed by applicant.

The Government took the position that were the Commission to approve the introduction of fuel adjustment provisions into electric rate schedules it would constitute an abdication of the Commission's regulatory function, and that the Commission should refuse to permit the inclusion of a fuel clause that will automatically effect changes in the applicant's rate schedules without a full scale examination of all of the rate making factors at the time of the change in rates and which would deny the ratepayers this

fundamental right. At the time of such fuel oil increase there might be offsetting factors such as improved generating efficiency or cost decreases that the Government contends might offset the need for an increase. If the Commission concludes that a fuel clause is appropriate, the Government recommends that the clause apply to all classes of customers, based on all fuel costs and not just to two classes based on the price of fuel oil only.

Kaiser Steel Company stated that if rates are fixed at a competitive level, it did not oppose a fuel escalator provision; but it believes it should be based upon costs per Btu considering both gas and oil rather than as proposed by applicant.

Reasons somewhat similar to those heretofore expressed for not adopting a fuel escalator clause were expressed by the Monolith Portland Cement Company, The California Farm Bureau Federation and the four resale cities of Anaheim, Azusa, Colton and Riverside. These four cities went even further and made a motion that the proposed fuel clause in Schedule R be stricken, which motion is granted.

We have considered the position of the various parties with regard to the fuel clause and are of the opinion, and so find, that applicant's Schedules A-7 and R should not contain fuel escalator clauses.

Vernon Rates

Applicant serves customers in the City of Vernon under a lease agreement, authorized by Decision No. 29749 on May 10, 1937, (40 CRC 486) by this Commission, at a level of rates about 25% less than those charged to its other customers under general system rates. The rate level is that in effect in the City of Los Angeles on the system of the Department of Water and Power. Since the time this

lease agreement was approved competition between the City of Vernon's municipal electric system and the applicant's system in Vernon substantially has been eliminated.

The term of the agreement was for 10 years commencing May 30, 1937. Vernon alleges that on October 1, 1946, it exercised its option to extend the term for an additional 10-year period ending May 29, 1957, and that again on July 3, 1956, exercised its option to extend the term for an additional 10-year period commencing May 30, 1957, and ending on May 29, 1967.

In the 1954 rate case, applicant requested authority to increase the Vernon rates when and to the extent that it found it feasible to do so.

As a result of Decision No. 50449 applicant was authorized to apply rates in Vernon not greater than those applicable in Zone No. 1. Since the effective date of that decision, applicant states it has conferred and negotiated at length both with representatives of the City of Vernon and representatives of customers served in that city in an earnest endeavor to effect upward rate adjustments which in the applicant's opinion are fair and equitable under the conditions and circumstances involved. These negotiations were not successful up to the date of submission of this matter.

In the 1954 decision, for rate-making purposes, we computed the revenue as though Zone 1 rates were in effect. By that method no burden was placed on the other classes of customers, but such burden fell on the applicant's stockholders. Applicant now is of the opinion that a continuation of the Vernon differential, at the expense of either its other classes of customers or its stockholders, could not be considered just and reasonable.

Applicant takes the position, however, assuming as a matter of law that the term created by the lease is still in effect and will continue to be in effect for an additional period of ten years or longer (as to which applicant states there are serious legal questions) that: (1) there is nothing in the lease agreement which in any way limits the rate making powers of the Commission in so far as the customers in the City of Vernon are concerned; and (2) it will have no alternative but to bill such customers on the basis of any new and different rates ordered by this Commission in this proceeding; and (3) its action in so doing should not result in any breach of any contractual obligation owing to the City of Vernon or the customers in the city nor in any forfeiture by it.

Vernon has filed an action in the Superior Court for declaratory relief. Applicant represents that such circumstances in no way affects or limits the right or jurisdiction of this Commission to prescribe just and reasonable rates in Vernon. The City of Vernon takes the position that the Commission should not order that system rates be applied in Vernon until such time as the Declaratory Relief Action has been determined by the Courts.

The City of Vernon introduced Exhibit No. 49 and testimony for the purpose of showing that the rate of return was higher than the 1.2 per cent shown in the applicant's cost analysis and might be as high as 3.1 per cent if the Department of Water and Power adopts higher rates as proposed for August 1, 1957. The city also takes the position that under all methods of computation the applicant is showing a positive rate of return from the Vernon system, that the applicant has not shown that the rates charged under the agreement are, or in the near future will be non-compensatory or will work to the detriment of the rate bearing public, and that there has been no

significant change in circumstances since the agreement was executed to justify an order that the applicant must apply general system rates in Vernon.

The Commission has carefully considered the positions taken by the applicant and the City of Vernon. We find as a fact

(a) That the rates charged by applicant to its customers located in the City of Vernon are depressed far below a reasonable level.

(b) That said rates produce an unreasonable and inadequate return to applicant which results in either applicant or its other customers subsidizing the customers of applicant in Vernon.

(c) That there are industries served by applicant which are in competition with industries in Vernon, the former of which industries are required to pay substantially higher rates than similar industries in Vernon; thus creating unreasonable and unlawful prejudice to and discrimination against industries located outside of Vernon and unreasonable and unlawful preference to and discrimination in favor of industries located in Vernon. Furthermore, these depressed rates charged by applicant in the City of Vernon constitute prejudice to and discrimination against customers of applicant outside of but similarly situated and comparable to customers in Vernon, contrary to the public interest.

(d) That said rates charged by applicant to customers in Vernon constitute an unreasonable and unlawful burden upon the other customers of applicant and, also, upon applicant.

(e) That for applicant to continue to charge these depressed rates would have a direct tendency to disable applicant in the full performance of its public duty.

(f) That said rates and the unreasonable and unlawful burden which they create are contrary to the public interest and such burden should be removed in order that the public interest be protected.

Pursuant to the foregoing findings of fact we conclude that applicant should be ordered and directed to cease and desist from continuing to charge the rates to customers in Vernon provided by the contract between applicant and Vernon, and we shall order applicant to charge such customers the same rates as are or will hereafter be charged to other customers of applicant outside of Vernon.

We take this action with full awarenesss of the circumstances which originally persuaded applicant to accord special rate treatment to Vernon, and of the contractual obligation which applicant assumed in that respect. We do not presume to pass upon the validity of the Vernon contract or the rights and obligations of the respective parties arising therefrom. These are problems for judicial determination. But in the fixing of fair and reasonable utility rates the public interest is paramount, and private agreements, no matter how clear their justification from a private standpoint or how binding their terms as between the parties, cannot be permitted to prevail against the public interest.

It is elementary that this Commission has authority to take action which will, in effect, abrogate a contract between a utility and its customer or customers where the public interest so requires. This is what we are here doing. In so doing we are

remedying a situation of prejudice and discrimination, one of the principal evils at which regulation is directed and which regulation was instituted to redress. It is our clear duty to prevent applicant from complying with the terms of a contract in conflict with the public interest. It is not within our jurisdiction to determine what, if any, legal rights may accrue to Vernon as a result of applicant's compliance with this order.

Summary of Rate Changes

The following table shows the increase authorized by the order herein based on the estimated 1957 sales of energy adopted herein:

	Sales Million Kwhr	Revenue at Present Rates ($1.000)	Rate Increase ($1.000)	Increase Ratio	Average Rev. per Kwhr After Increase
Domestic Service	2,794.1	$ 79,527	$ 8,535	10.73%	3.15¢
General Service (A-1-6)	1,509.0	40,573	2,535	6.25	2.86
General Service (A-7)	5,280.3	45,137	7,045	15.61	0.99
Heating & Power	26.7	608	75	12.34	2.56
Power, General	939.2	17,258	2,055	11.91	2.06
Power, Agri. & Pump	1,285.9	17,327	2,220	12.81	1.52
Street Lighting	165.8	4,108	615	14.97	2.85
Resale	351.0	2,750	460	16.73	0.91
Power, Railway	64.6	589	110	18.68	1.08
Specials, Standby	0.7	21	-	-	3.00
Other Utilities	11.6	214	*	*	3.06
Vernon	1,000.2	9,275	1,350	14.56	1.06
	13,429.1	$217,387	$25,000	11.50	1.80

* Sales to other utilities have been exempted in accordance with applicant's request.

In the above table it will be noted that there is no increase shown for specials and standby charges. The special customers are certain other electric utilities and service to Sequoia National Park.

Increases in these categories were not requested by applicant. The effects of zoning changes are included in the increases set forth above.

Findings and Conclusions

It is a matter of record in this proceeding, that costs have risen since the present level of rates was set in 1954. While the staff's study has accounted fully for the growth in sales and customers over the past few years, and which our adopted operating results fully reflect, the growth in revenue has not been sufficient to offset the increasing costs of operation and increasing cost of money.

Based on the evidence of record the applicant is not currently earning a reasonable rate of return and higher rates are warranted, but not as high on the average as requested by applicant. Accordingly, the Commission finds that the rates and charges authorized herein are justified; that the existing rates, in so far as they differ therefrom for the future are unjust and unreasonable; and that an order should be issued authorizing the increased rates as set forth in Appendix A herein.

O R D E R

The Southern California Edison Company having applied to this Commission for an order authorizing increases in rates and charges for electric service, public hearings having been held, the matter having been submitted and being ready for decision,

IT IS HEREBY ORDERED as follows:

(1) Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, tariff schedules with changes in rates, charges and conditions as set forth in Appendix A attached

hereto, and after not less than five days' notice to this Commission and to the public, to make said tariff schedules effective for service on and after November 9, 1957.

(2) At the time of making effective the rates authorized by Section (1) hereof, applicant may cancel the superseded schedules and transfer the customers to the appropriate new schedules generally applicable in the areas and for the type of service involved.

(3) Applicant is authorized and directed to increase rates applicable in the City of Vernon up to but not higher than the level of rates applicable in Zone 1 territory as increased herein and bill the customers in Vernon after the effective date of the new tariffs on the Zone 1 rates.

(4) Applicant shall, at the time of making the new rates effective, amend and/or cancel rules in conflict with the new schedules or provisions thereof, or those not needed after cancelling the existing schedules.

(5) Applicant shall revise its zoning method, annually review its zoned-rate territorial limits, and annually file such revisions thereto as may be appropriate in accordance with the plan heretofore outlined. As part of this continuing study, applicant shall, within 180 days after the effective date hereof:

(a) File in accordance with this Commission's General Order No. 96, appropriate and suitable maps consistent with the description of the rate areas which are currently on file with this Commission and/or have been revised in accordance with Appendix A.

(b) Submit a zoning study summary (and thereafter annually) showing:

1. Minimum customer, density and location criteria for establishing rate zones.

2. Minimum customer, density and location criteria for rezoning of fringe areas and built-up communities.

3. Other improvements in zoning or rate design.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 15th day of October, 1957.

President

Commissioners

Changes in applicant's presently effective rates, conditions and rules are authorized as set forth in this appendix:

SCHEDULES A-1, -2, -3, -4, -5, and -6

GENERAL SERVICE

APPLICABILITY

Change "single-phase" to "single- and three-phase".

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS

Delete "and Regulations" from text.

SPECIAL CONDITIONS

(a) Voltage. Change to read as follows: Under Block Rate A, single-phase service will be supplied at the standard lighting voltage and three-phase service will be supplied at 240 volts. However, where the Company maintains an A.C. low voltage network system, three-phase service will be supplied at 208 volts from a four-wire wye connected service at 120/208 volts. Under Demand Rate B, one standard voltage, lighting or power will be supplied.

(b) Rate Selection. Change to read as follows: Where service is supplied at Standard lighting voltage, single-phase, or at 240 or 208 volts, three-phase, either Block A or Demand Rate B will apply at the option of the customer.

(c) Delete reference to "and Regulation".

(d) Delete reference to "and Regulation"; change "highest billing demand established" to "highest maximum demand established."

TERRITORY

A-1 Add: Vernon.

A-2 Delete: Signal Hill; Baldwin Hills, Long Beach - Lakewood rate areas.
Add: Gardena, Imperial Highlands and Lawndale rate areas.

A-3 Delete: Gardena.
Add: Bellflower, Bradbury, Downey, Duarte (portion within Metropolitan Rate Area), Norwalk, Oxnard, Paramount, Rolling Hills, Rolling Hills Estates, Santa Fe Springs, Signal Hill.

A-4 Delete: Brea, Delano, Exeter, Lindsay, Oxnard, Redlands, Placentia.
Add: Baldwin Park, Garden Grove, La Puente, West Covina, Port Hueneme.

A-5 Delete: East Tulare, Farmersville, and North Hanford rate areas; Port Hueneme, West Covina.
Add: Anaheim, Azusa, Brea, Cypress, Dairy Valley, Dairyland, Delano, Exeter, Fountain Valley, Industry, Irwindale, Lindsay, McFarland, Monte Vista, Placentia, Redlands, Stanton, Westminster; Anza-La Sierra, Edwards, El Rio, Newhall and Yucaipa rate areas.
Change name of Northeastern and Southeastern rate areas to Eastern.

RATE: Change rates and minimum charges to read as follows:

	Schedule No. A-1	A-2	A-3	A-4	A-5	A-6
(A) BLOCK RATE						
Customer Charge, single-phase, per meter per month	$0.60	$0.70	$0.80	$0.90	$0.95	$1.00
Customer Charge, three-phase, per meter per month	1.60	1.70	1.80	1.90	1.95	2.00
Energy Charge (to be added to customer charge):						
First 100 kwhr, per meter per mo.	3.9¢	4.1¢	4.4¢	4.8¢	4.9¢	5.2¢
Next 400 kwhr, per meter per mo.	3.6¢	4.0¢	4.3¢	4.5¢	4.7¢	4.9¢
Next 1,000 kwhr, per meter per mo.	2.8¢	3.1¢	3.2¢	3.4¢	3.7¢	3.8¢
Next 1,500 kwhr, per meter per mo.	2.3¢	2.3¢	2.3¢	2.3¢	2.3¢	2.3¢
All excess kwhr, per meter per mo.	2.0¢	2.0¢	2.0¢	2.0¢	2.0¢	2.0¢
Minimum Charge:	Per Month					
Lighting and the first 3 hp of connected load,						
Single phase, per meter	$0.60	$0.70	$0.80	$0.90	$0.95	$1.00
Three phase, per meter	1.60	1.70	1.80	1.90	1.95	2.00
All over 3 hp of connected power load, per hp	1.00	1.00	1.00	1.00	1.00	1.00
(B) DEMAND RATE						
Customer and Energy Charges:						
First 150 kwhr per month per kw of billing demand	Block Rate (A) for A-1 thru A-6					
Next 150 kwhr per month per kw of billing demand	1.30¢	1.30¢	1.30¢	1.30¢	1.30¢	1.30¢
All excess kwhr per month per kw of billing demand	0.90¢	0.90¢	0.90¢	0.90¢	0.90¢	0.90¢

SCHEDULE A-7

GENERAL SERVICE

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS

Delete "and Regulations" from text.

SPECIAL CONDITIONS

(b) Billing Demand. Delete "and Regulation"; change "highest billing demand established" to "highest maximum demand established".

RATE: Change rates to read as follows:

	Per Month
Demand Charge:	
First 75 kw or less of billing demand	$85.00 per meter
Next 125 kw of billing demand	0.95 per kw
Next 1,800 kw of billing demand	0.85 per kw
Next 8,000 kw of billing demand	0.75 per kw
Next 40,000 kw of billing demand	0.60 per kw
All excess kw of billing demand	0.55 per kw
Energy Charge (to be added to demand charge):	
First 150 kwhr per month per kw of billing demand	
First 15,000 kwhr per month	1.9¢ per kwhr
Balance of kwhr per month	1.0¢ per kwhr
Next 150 kwhr per month per kw of billing demand	0.8¢ per kwhr
All excess kwhr per month per kw of billing demand	0.6¢ per kwhr

SCHEDULES D-1, -2, -3, -4, -5, and -6

DOMESTIC SERVICE

RULES (delete "AND REGULATIONS")

Delete "and Regulations" from text.

TERRITORY

D-1 Add Vernon.

D-2 Delete: Signal Hill; Baldwin Hills, Long Beach - Lakewood rate areas.
Add: Gardena, Imperial Highlands and Lawndale rate areas.

D-3 Delete: Gardena.
Add: Bellflower, Bradbury, Downey, Duarte (portion within Metropolitan Rate Area), Norwalk, Oxnard, Paramount, Rolling Hills, Rolling Hills Estates, Santa Fe Springs, Signal Hill.

D-4 Delete: Brea, Delano, Exeter, Lindsay, Oxnard, Redlands, Placentia.
Add: Baldwin Park, Garden Grove, La Puente, West Covina, Port Hueneme.

D-5 Delete: West Covina, Port Hueneme; East Tulare, Farmersville and North Hanford rate areas.
Add: Anaheim, Azusa, Brea, Cypress, Dairy Valley, Dairyland, Delano, Exeter, Fountain Valley, Industry, Irwindale, Lindsay, McFarland, Monte Vista, Placentia, Redlands, Stanton, Westminster; Anza-La Sierra, Edwards, El Rio, Newhall and Yucaipa rate areas.
Change name of Northeastern and Southeastern rate areas to Eastern.

RATE: Change rates to read as follows:

	Schedule No.					
	D-1	D-2	D-3	D-4	D-5	D-6
Customer Charge: per meter per month	$0.65	$0.75	$0.85	$0.95	$1.00	$1.05
Energy Charge (to be added to customer charge):						
First 45 kwhr, per meter per mo.	3.9¢	4.1¢	4.4¢	4.8¢	4.9¢	5.2¢
Next 60 kwhr, per meter per mo.	2.4¢	2.7¢	3.0¢	3.3¢	3.4¢	3.6¢
Next 105 kwhr, per meter per mo.	2.1¢	2.1¢	2.2¢	2.2¢	2.3¢	2.3¢
All excess kwhr, per meter per month*	1.4¢	1.4¢	1.4¢	1.4¢	1.4¢	1.4¢

*Where the customer has an electric water heater installation: delete words "and Regulation" and change 1.0¢ to 1.1¢.

SCHEDULE DM

DOMESTIC SERVICE

MULTI-FAMILY ACCOMMODATION

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SCHEDULE H

HEATING AND POWER

Cancel this schedule.

SCHEDULE LS-1

LIGHTING - STREET AND HIGHWAY

COMPANY-OWNED SYSTEM

RATES Change rates to read as follows:

Lamp Size and Type	Rate per Lamp per Month All Night Service
1,000 Lumen Incandescent	$ 2.10
2,500 Lumen Incandescent	3.00
4,000 Lumen Incandescent	3.65
6,000 Lumen Incandescent	4.40
10,000 Lumen Incandescent	6.20
15,000 Lumen Incandescent	8.35
10,000 Lumen Sodium Vapor	6.85
20,000 Lumen Mercury Vapor	7.95
35,000 Lumen Mercury Vapor	12.95

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS

Delete "and Regulations" from text.

SCHEDULE LS-2

LIGHTING - STREET AND HIGHWAY

CUSTOMER-OWNED INSTALLATION

RATE: Change rates to read as follows:

(A) Energy Charge:

(1) Metered Rate:

First 150 kwhr per month per kw of lamp load	3.1¢ per kwhr
All excess kwhr per month per kw of lamp load	0.7¢ per kwhr

(2) Flat Rate:

	All Night Service	Midnight Service
For each kw of lamp load	$6.75 per mo.	$5.15 per mo.

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SCHEDULE P-1

POWER - GENERAL

CONNECTED LOAD BASIS

RATE: Change rates to read as follows:

Horsepower of Connected Load	Service Charge Per hp per Month	Energy Charge To be Added to the Service Charge Cents per Kwhr: First 100 Kwhr Per hp per Month	Next 100 Kwhr Per hp per Month	All over 200 Kwhr Per hp per Month
2 to 4.9	$ 0.90	2.9	1.3	0.9
5 to 9.9	0.85	2.5	1.3	0.9
10 to 24.9	0.80	2.2	1.2	0.9
25 to 49.9	0.75	1.9	1.1	0.9
50 and over	0.70	1.7	1.1	0.9

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SPECIAL CONDITIONS:

(b) Connected Load. Delete "and Regulation."

SCHEDULE P-2

POWER - GENERAL

DEMAND BASIS

RATE: Change rates to read as follows:

Demand Charge:	Per Month
First 25 kw or less of billing demand	$ 29.00 per meter
All excess kw of billing demand	$ 0.75 per kw

Energy Charge (to be added to demand charge):

First 150 kwhr per month, per kw of billing demand:	
First 5,000 kwhr per month	1.70¢ per kwhr
All excess kwhr per month	1.40¢ per kwhr
Next 150 kwhr per month, per kw of billing demand	1.00¢ per kwhr
All excess kwhr per month per kw of billing demand	0.77¢ per kwhr

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SPECIAL CONDITIONS:

(b) *Billing Demand. Delete "and Regulations"; change "highest* billing demand established" to "highest maximum demand established."

SCHEDULE PA-1

POWER - AGRICULTURAL AND PUMPING

CONNECTED LOAD BASIS

RATE: Change rates to read as follows:

Horsepower of Connected Load	Service Charge Per hp per Year	Energy Charge To be Added to the Service Charge Cents per Kwhr: First 1,000 kwhr Per hp per Year	Next 1,000 kwhr Per hp per Year	All over 2,000 kwhr Per hp per Year
2 to 4.9	$ 9.00	1.86	0.82	0.64
5 to 14.9	8.00	1.66	0.82	0.64
15 to 49.9	7.50	1.56	0.82	0.64
50 to 99.9	7.00	1.46	0.82	0.64
100 and Over	6.50	1.36	0.82	0.64

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SPECIAL CONDITIONS:

(b) Connected Load. Delete "and Regulation."

SCHEDULE PA-2

POWER - AGRICULTURAL AND PUMPING

DEMAND BASIS

RATE: Change rates to read as follows:

Demand Charge:	Per Month
First 75 kw or less of billing demand	$ 65.00 per meter
All excess kw of billing demand	$ 0.70 per kw

Energy Charge (to be added to demand charge):

First 150 kwhr per month per kw of billing demand:	
First 15,000 kwhr per month	1.50¢ per kwhr
All excess kwhr per month	1.15¢ per kwhr
Next 150 kwhr per month per kw of billing demand	0.82¢ per kwhr
All excess kwhr per month per kw of billing demand	0.64¢ per kwhr

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SPECIAL CONDITIONS:

(b) Billing demand. Delete "and Regulation"; change "highest billing demand established" to "highest maximum demand established."

SCHEDULE PA-4

POWER - IRRIGATION PUMPING PLANT DOMESTIC SERVICE
(Temporary Schedule)

No change in this schedule.

SCHEDULE PR

RAILWAY SERVICE

RATE: Change rates to read as follows:

First 250,000 kwhr per month per delivery point	1.60¢ per kwhr
All excess kwhr per month per delivery point	0.94¢ per kwhr

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SCHEDULE R

RESALE SERVICE

RATE: Change rates to read as follows:

Demand Charge:	Per Month
First 200 kw or less of billing demand	$200.00 per meter
Next 4,800 kw of billing demand	0.95 per kw
Next 5,000 kw of billing demand	0.75 per kw
All excess kw of billing demand	0.65 per kw

Energy Charge (to be added to demand charge):

First 150 kwhr per month per kw of billing demand	0.93¢ per kwhr
Next 150 kwhr per month per kw of billing demand	0.83¢ per kwhr
All excess kwhr per month per kw of billing demand	0.62¢ per kwhr

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:

Delete "and Regulations" from text.

SPECIAL CONDITIONS:

(b) Billing demand: Change 75 kw to 200 kw; change "highest billing demand established" to "highest maximum demand established."

SCHEDULE S

STANDBY

RULES (delete "AND REGULATIONS") AND SPECIAL CONDITIONS:
Delete "and Regulations" from text.

SCHEDULE U

RATE SURCHARGES FOR SERVICE FROM DESIGNATED

UNDERGROUND DISTRIBUTION SYSTEMS

Delete reference to Schedule H.

TERRITORY FOR ZONED SCHEDULES

Add after "Within the incorporated limits...," the following: "..., as they existed November 9, 1957." When rate area maps are filed, incorporate reference to such maps in territory statements on rate schedules.

DESCRIPTION OF RATE AREAS

The following changes shall be made in the presently filed and effective tariff sheets entitled "Description of Rate Areas". City boundaries incorporated in rate area descriptions shall be as of November 9, 1957. The boundary lines below provided may be restated in terms not referring to city limits.

METROPOLITAN 4th line; delete beginning with "thence west and north---; thence north along Bloomfield Avenue;" and substitute the following: "thence westerly and northerly along the Long Beach city boundary to the western boundary of the City of Dairy Valley; thence northerly along the western boundary of the City of Dairy Valley to the Norwalk city boundary; thence easterly and northerly along the Norwalk city boundary to the Santa Fe Springs city boundary; thence easterly along the southern boundary of Santa Fe Springs." Delete (8th line): "Holder Avenue; thence north along Holder" and substitute "Armsdale (Holder) Avenue; thence north along Armsdale". Delete (16th line) beginning "southerly limit of Section 14--Monrovia; thence in a westerly direction along the northerly city limits of" and substitue "Irwindale city boundary; thence along the westerly boundary of Irwindale to the Duarte city boundary; thence along the southerly and easterly boundaries of Duarte to the south line of Section 17, T.1.N., R. 10W.; thence west along said south line of Section 17 to the city boundary of Bradbury; thence westerly along the northern boundaries of the cities of Bradbury,"

NORTHEASTERN and SOUTHEASTERN rate areas. Delete these areas and descriptions and substitute a single rate area entitled "EASTERN", with the following description:

EASTERN consists of the area bounded on the south by the Pacific Ocean, on the west by the Metropolitan Rate Area boundary, and on the north and east by the following described line: Beginning at the intersection of the Metropolitan Rate Area boundary with the northern boundary of the City of Azusa; thence easterly and southerly along the City of Azusa boundary to its intersection with the north line of Section 27, T.1.N., R.10 W.; thence east along the north lines of Sections 27, 26, and 25 of said township and Sections 30, 29, 28, and 27, T.1.N., R.9 W., to the northeast corner of said Section 27; thence south along the east line of said Section 27 to the northwest corner of Section 35, T.1 N., R.9 W.; thence east along the north lines of Sections 35 and 36 of said township and Sections 31, 32, 33, 34, and 35, T.1 N., R.8 W., to the Los Angeles-San Bernardino County line; thence southerly along the Los Angeles-San Bernardino County line to the Orange County line; thence westerly along the Los Angeles-Orange County line to Brea Canyon Road; thence southerly along Brea Canyon Road, Pomona Avenue

DESCRIPTION OF RATE AREAS (Contd.)

(Brea), Brea Boulevard (Fullerton), Spadra Avenue (Fullerton), Los Angeles Street (Anaheim), and Santa Ana Freeway (Anaheim) to Orangewood Avenue; thence east along Orangewood Avenue to Placentia Avenue; thence south along Placentia Avenue to the Santa Ana Freeway; thence southerly along the Santa Ana Freeway to Flower Street (Santa Ana); thence south along Flower Street to Delhi Road; thence west along Delhi Road and its extension to the Santa Ana River; thence southerly along the Santa Ana River to the Pacific Ocean.

CARPINTERIA consists of the unincorporated area in Santa Barbara County within the following described boundary: Beginning at the Pacific Ocean and the west boundary of Sandyland Cove Tract; thence north along the tract boundary to Avenue Del Mar; thence east along Avenue Del Mar to Sandyland Cove Road; thence northerly along Sandyland Cove Road to the Southern Pacific Railroad tracks; thence westerly along said tracks to Santa Monica Road; thence northerly along Santa Monica Road to Cramer Road; thence easterly and southerly along Cramer Road to State Highway; thence easterly along State Highway to Linden Avenue; thence northerly along Linden Avenue to Ogan Road; thence easterly along Ogan Road to Vallecito Place; thence northerly, easterly, and southerly along Vallecito Place to Star Pine Road; thence easterly along Star Pine Road to its end (approximately 900 feet from Vallecito Road); thence westerly along Star Pine Road to Vallecito Road; thence southerly along Vallecito Road to State Highway; thence easterly along State Highway to its intersection with Carpinteria Creek; thence due south to the Pacific Ocean; and thence west to the point of beginning.

EAST SAN BERNARDINO consists of the unincorporated area within the following described boundary: Beginning at the San Bernardino city boundary and Cardiff Avenue; thence east along Cardiff Avenue to Tippecanoe Street; thence north along Tippecanoe Street to East 3rd Street; thence easterly along East 3rd Street to Sterling Avenue; thence north along Sterling Avenue to East 5th Street; thence east along East 5th Street to Church Street; thence north along Church Street to Pacific Street; thence west along Pacific Street to Palm Avenue; thence north along Palm Avenue to Highland Avenue; thence west along Highland Avenue to Arden Avenue; thence north along Arden Avenue to Date Street; thence west along Date Street to Sterling Avenue; thence north along Sterling Avenue to the San Bernardino city boundary at Foothill Drive; and thence in a general southerly direction along the city boundary to the point of beginning.

LANCASTER consists of the unincorporated area within the following described boundary: Beginning at the intersection of Avenue H and 20th Street West; thence south on 20th Street West to Lancaster Boulevard; thence west on Lancaster Boulevard to 25th Street West; thence south on 25th Street West to Avenue J 4; thence east on Avenue J 4 to 20th Street West; thence south on 20th Street West to Avenue K 8; thence east on Avenue K 8 to 5th Street East; thence south on 5th Street East to Avenue K 12; thence east on Avenue K 12 to 7th Street East; thence north on 7th Street East to

DESCRIPTION OF RATE AREAS (Contd.)

to Avenue K 8; thence east on Avenue K 8 to 15th Street East; thence north on 15th Street East to Avenue H 8; thence west on Avenue H 8 to Sierra Highway; thence northerly on Sierra Highway to Avenue H; thence west on Avenue H to 20th Street West, the point of beginning.

MONTEREY PARK consists of:

(1) The unincorporated area bounded on the north and on the east by the City of Alhambra, on the south and on the west by the City of Monterey Park along Garvey Avenue; and

(2) The unincorporated area between the Cities of Alhambra and San Gabriel.

PALMDALE consists of the unincorporated area within the following described boundary: Beginning at the intersection of Division Street and Avenue P; thence south on Division Street to Avenue S; thence east on Avenue S to 5th Street; thence north on 5th Street to Avenue R 8; thence east on Avenue R 8 to 35th Street; thence north on 35th Street to Palmdale Boulevard; thence east on Palmdale Boulevard to 40th Street; thence north on 40th Street to Avenue Q; thence west on Avenue Q to 35th Street; thence north on 35th Street to Avenue P 8; thence west on Avenue P 8 to Sierra Highway; thence northerly on Sierra Highway to Avenue P; thence west on Avenue P to Division Street, the point of beginning.

WEST HOLLYWOOD consists of:

(1) The unincorporated areas bounded by the cities of Beverly Hills and/or Los Angeles, and located east of Beverly Drive, south of Mulholland Drive, west of Highland Avenue, and north of Third Street; and

(2) The National Soldiers Home (Sawtelle) which is the unincorporated area bounded entirely by the City of Los Angeles and located between the cities of Beverly Hills and Santa Monica.

Delete EAST TULARE, FARMERSVILLE, LONG BEACH—LAKEWOOD, NORTH HANFORD, BALDWIN HILLS.

The following additional areas are established:

ANZA-LA SIERRA consists of the unincorporated area bounded on the west by the center lines of Sections 16, 9, and 4, T.3 S., R.6 W., and Sections 33 and 28, T.2 S, R.6 W.; on the north by the Santa Ana River; on the east by the City of Riverside; and on the south by the City of Riverside boundary and its westerly extension (north of Magnolia Avenue) to Polk Street (1731 feet southeast of Collett Street); thence southwesterly parallel to Collett Street to a point 350 feet from Polk Street; thence northwesterly parallel to Polk Street to a point 350 feet southeasterly of Collett Street; thence southwesterly parallel to Collett Street to Pierce Street; thence due west to the center line of Section 16, T.3 S., R.6 W.

DESCRIPTION OF RATE AREAS (Contd.)

EDWARDS consists of the unincorporated area bounded on the north by the center lines of Sections 28 and 27, on the east by the center lines of Sections 27 and 34, on the south by the center lines of Sections 34 and 33, and on the west by the center lines of Sections 33 and 28 - all said sections lying within Township 10 north, Range 10 West, S.B.B. & M.

EL RIO consists of the unincorporated area bounded by the following described line: Beginning at the intersection of the center lines of U. S. Highway 101 and Vineyard Avenue; thence northwesterly approximately 900 feet along the center line of said U. S. 101; thence northeasterly in a straight line to the end of Walnut Street (approximately 1100 feet from Vineyard Avenue); thence southeasterly along the center line of Walnut Street to Vineyard Avenue; thence northeasterly along the center line of Vineyard Avenue to the northerly corner of the Rio Plaza Tract (approximately 750 feet northeasterly of the center line of Simon Way); thence southeasterly along the Rio Plaza Tract boundary to Ditch Road; thence southwesterly along the center line of Ditch Road to U. S. Highway 101; thence westerly along the center line of U. S. 101 to the point of beginning.

IMPERIAL HIGHLANDS consists of the unincorporated area bounded on the north and east by the City of Los Angeles; on the south by the City of Gardena; and on the west by the cities of Hawthorne and Inglewood.

LAWNDALE consists of:

(1) The unincorporated area bounded on the north by the City of Los Angeles; on the east and south by the City of Hawthorne; on the west by the cities of El Segundo and Hawthorne; and

(2) The unincorporated area bounded on the north, east, and south by the City of Hawthorne; on the west by the City of El Segundo; and

(3) The unincorporated area bounded on the north by the City of Hawthorne; on the east by the City of Gardena; on the south by the cities of Torrance and Redondo Beach; and on the west by the cities of Redondo Beach and Manhattan Beach.

DESCRIPTION OF RATE AREAS (CONTD)

NEWHALL consists of the unincorporated area within the following described boundary: Beginning at the intersection of 12th Street and the Southern Pacific Railroad tracks; thence southerly along said tracks to Market Street; thence easterly along Market Street to Race Street; thence southerly along Race Street to San Fernando Road; thence northerly along San Fernando Road and Newhall Avenue to Market Street; thence westerly along Market Street to Cross Street; thence southerly along Cross Street to Davey Avenue; thence easterly along Davey Avenue to Wildwood Avenue; thence southerly along Wildwood Avenue to its end (approximately 400 feet from Cross Street); thence northerly along Wildwood Avenue to Cross Street; thence westerly and northerly along Cross Street to Maple Street; thence westerly along Maple Street to Apple Street; thence northerly along Apple Street to a point one half mile south of the center line of Lyons Avenue; thence west parallel to Lyons Avenue to Wiley Canyon Road; thence northerly along Wiley Canyon Road to Lyons Avenue; thence easterly along Lyons Avenue to the northeasterly line of the Southern California Edison Company Transmission Right of Way; thence northerly along said Right of Way line to a point approximately 650 feet northerly of the southwesterly extension of the center line of 16th Street; thence northeasterly parallel to the center line of 16th Street to the Southern Pacific Railroad tracks; thence southerly along said tracks to 13th Street; thence easterly along 13th Street to Arch Street; thence southerly along Arch Street to 12th Street; thence westerly along 12th Street to the Southern Pacific Railroad tracks, the point of beginning.

YUCAIPA consists of the unincorporated area bounded on the south by Avenue "F"; on the west by Fourth Street; and on the north and east by a line beginning at the intersection of Fourth Street and Date Avenue; thence easterly along Date Avenue to Vista Lane; thence north on Vista Lane to its end (approximately 550 feet from Date Avenue); thence south on Vista Lane to Date Avenue; thence easterly along Date Avenue to Douglas Street; thence southerly along Douglas Street to Yucaipa Boulevard; thence easterly along Yucaipa Boulevard to Fremont Street; thence southerly along Fremont Street to Mountain View Avenue; thence westerly along Mountain View Avenue to Douglas Street; thence southerly along Douglas Street to Avenue "F".

MAPS OF TERRITORY SERVED

MAPS NOS. 1 and 2. Refile, corrected, to reflect Rate Areas above described.

Map No. 1. Add: Reference to Map No. 2.

Map No. 2. Add: "Territory Served", and reference to Map No. 1.

LIST OF APPEARANCES

Bruce Renwick, John Bury, and Rollin E. Woodbury by Rollin E. Woodbury and C. Robert Simpson, Jr., for Southern California Edison Company, applicant.

T. J. Reynolds and Milford Springer by Milford Springer, for Southern California Gas Company; Milford Springer and J. R. Rensch, for Southern Counties Gas Company, and O. C. Sattinger and Milford Springer by Milford Springer, and J. R. Elliott, for Pacific Lighting Gas Supply Company, participants without intervention under Rule 46.

F. T. Searls and John C. Morrissey by F. T. Searls, for Pacific Gas and Electric Company; Donald J. Carman, Arthur D. Baldwin, and W. W. Miller, Jr., for California Electric Power Company; A. Crawford Greene, Jr., for California Water Service Company and San Jose Water Works; Roger Arnebergh, city attorney, Alan G. Campbell, assistant city attorney, T. M. Chubb, general manager and chief engineer, and Robert W. Russell, assistant general manager, Public Utilities and Transportation Department by Alan G. Campbell, for the City of Los Angeles; Orrick, Dahlquist, Herrington & Sutcliffe by Warren A. Palmer, for California Pacific Utilities Company, Citizens Utilities Company of California, Western Telephone Company, Kern Mutual Telephone Company, Western Telephone Company, and Central California Telephone Company; Henry E. Jordan, chief engineer and secretary, Bureau of Franchises and Public Utilities and Wahlfred Jacobsen, city attorney, by Leslie E. Still, deputy city attorney, for City of Long Beach; Chickering & Gregory by C. Hayden Ames, for San Diego Gas & Electric Company; Neal C. Hasbrook, for California Independent Telephone Association; Bert Buzzini, for California Farm Bureau Federation; Edward Nuener, Jr., in propria persona; Brobeck, Phleger & Harrison by Robert N. Lowry, for The California Oregon Power Company; Thelen, Marrin, Johnson & Bridges by Samuel S. Gill, for Kaiser Steel Corporation; Norman Elliott, Joseph T. Enright and Waldo A. Gillette, for Monolith Portland Cement Company; W. D. MacKay (Commercial Utility Service), for Cities of Ontario, Upland, Visalia and Oxnard, Challenge Cream & Butter Co. and Exchange Orange Products Company; John A. Purvis, for Department of Water Resources, State of California; Harold Gold and Reuben Lozner by Reuben Lozner, Bureau of Yards & Docks, Department of Navy, for Department of Defense and other Executive Agencies of the United States; B. E. Gigas, for the City of South Pasadena; Harry S. Colmer in propria persona; Henry E. Walker, for Perfectaire Manufacturing Company; J. H. Skeen, for the United States Rubber Company; Walter N. Anderson, for City Attorney of the City of Manhattan Beach; John Curtis, for Los Angeles Transit Lines; Darling, Shattuck & Edwards by Thomas F. Call, for City of Vernon; Harold Gold by Clyde F. Carroll, for Department of Defense and other Executive Agencies of the United States; Royal M. Sorenson, for Vernon Chamber of Commerce; and Richard W. Wells, for Firestone Tire and Rubber Company; interested parties.

Wallace K. Downey, for California Portland Cement Company; John W. Holmes, special counsel, Preston Turner, city attorney, and Clarence C. Winder, for the City of Anaheim; Stanley E. Remelmeyer, for the City of Torrance; John W. Holmes, special counsel, Albert H. Ford, city attorney, and Clarence C. Winder, for the City of Riverside; John W. Holmes, special counsel, Martin C. Casey, city attorney, and Clarence C. Winder, for the City of Colton; John W. Holmes, special counsel, Harry C. Williams, assistant city attorney, and Clarence C. Winder, for the City of Azusa; A. Andres Hauk, for Brea Chemicals, Inc., J. F. Sorenson, for Friant Water Users Association representing Ivanhoe, Exeter, Lindsay-Strathmore, Tulare, Lower Tule Lake River, Porterville, Saucelito, Terra Bella, Lindmore and Delano-Earlimart Irrigation Districts and Ray Gulch Water District; Fred A. Strauss by J. F. Sorenson, for Vandalia Irrigation District, Terra Bella Irrigation District and Saucelito Irrigation District; Robert C. Newman, city attorney, for the City of Santa Barbara, and Carl T. Ellis, director of finance, for City of Lakewood, Perry Hankins in propria persona; A. Andrew Hauk, for Wallace K. Downey for California Portland Cement Company; Walter Markham, for Terra Bella Chamber of Commerce; Walter Simcich, for California Farm Research and Legislative Committee; James H. Way, for Terra Bella Farm Bureau Center; C. B. Patchen, for City of Lindsay; George Sehlmeyer, for California State Grange; Donald H. Ford of Overton Lyman & Prince, for the Newhall Land and Farming Company; Robert E. Moock of McCormick, Moock & McCormick, for Friant Water Users Association, Lindsay-Strathmore Irrigation District and Saucelito Irrigation District, Walter B. Moranda, for City of Port Hueneme, C. M. Brewer, for California Mutual Water Corporations Association, protestants.

Harold J. McCarthy, senior counsel, John F. Donovan, assistant director of the Division of Finance and Accounts, and Charles W. Mors, general division engineer, for the Commission staff.

LIST OF WITNESSES

Evidence was presented on behalf of the applicant by: Earl R. Peterson, Alfred L. Burke, Robert P. O'Brien, Harry A. Lott, M. L. Rugless, C. E. Pichler, D. A. Denholm, Phillip B. Sharrott, Barnard Morse, W. M. Marriott, C. L. Ashley, Smith B. Davis, Harold Quinton.

Evidence was presented on behalf of the protestants and interested parties by: Walter J. Herrman, Perry Hankins, Walter Markham, Walter Simcich, James H. Way, Carl B. Patchen, Allen Grant, Gordon Bradley, George Barnes, Hugh Gordon, Axie Morgan, A. B. Cannella, Raymond J. Muller, H. C. Henderson, Grace R. Holcomb, Roy R. McLain, Ralph W. Kiewit, Jr., L. H. Barth, Vern Kief, John Hayward, Arthur A. Bruckle, Chris Sherri, Oscar Grover, Robert G. Rogo, Walter B. Moranda, Clarence A. Winder, Carl Heinze, Wayne N. Johnson, Robert E. Whyte, J. H. Skeen, John Curtis, Wallace K. Downey, William Rand, Waldo A. Gillette, Henry E. Walker, C. M. Brewer, George B. Scherr, W. D. MacKay.

Evidence was presented on behalf of the Commission Staff by: Theodore Stein, Stewart Weber, Charles Foster Clark, Richard Entwistle, Robert W. Hollis, Leonard S. Patterson, Norman R. Johnson, John R. Gillanders, Greville Way.