

ORIGINALDecision No. 55731

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and)
 Investigation on the Commission's)
 Own Motion of the Proposed Rates)
 for Its Needles Electric Department,)
 Filed by California-Pacific Utilities)
 Company.)

Case No. 6102

Orrick, Dahlquist, Herrington & Sutcliffe,
 by Warren A. Palmer, for Respondent.
John W. Holmes, for City of Needles,
 Interested Party.
John J. Doran, for the Commission staff.

INTERIM OPINION AND ORDERPurpose of Investigation

On May 9, 1958, California-Pacific Utilities Company, by Advice Letter No. 45-E, filed revised electric rate schedules^{1/} applicable to service in Needles, California, to effect an electric rate decrease of \$74,129 or 17.2% based on adjusted recorded 1957 revenues of \$430,802. The purpose of this filing is largely to offset increased rates made necessary because of the termination on December 31, 1954 of the respondent's Hoover power contract and the subsequent renewal thereof on May 1, 1958. This filing was made in compliance with Decision No. 51750, Application No. 36749 wherein it

1/ The schedules filed are designated as follows:

<u>Cal. P.U.C.</u> <u>Sheet No.</u>	<u>Schedule</u> <u>No.</u>	<u>Type of Service</u>	<u>Cancelling</u> <u>Sheet No.</u>
287-E	L-1-N	Commercial Lighting Service	259-E
288-E	LS-N	Lighting - Street and Highway	246-E
289-E	D-1-N	Domestic Service	264-E
290-E	P-1-N	Power - General	247-E
291-E	P-1-N	Power - General (Contd)	268-E
292-E	P-2-N	Power - Seasonal	250-E
293-E	PA-N	Power - Agricultural Irrig.	252-E
294-E	-----	Table of Contents	286-E

was ordered that if respondent's contract with the United States Government for the purchase of Hoover Dam power be renewed, or a new contract negotiated, respondent shall, within thirty days thereafter, file with this Commission a plan for equitable adjustment of its electric rates and a refund plan, as appropriate.

Investigation Opened

In view of the public interest, the absence of a refund plan, the new purchase contract, and the fact that respondent's studies showed an estimated reduction in power costs of \$86,116 based on 1957 operations and respondent's proposed rate decrease is about \$12,000 less, the Commission on May 13, 1958 opened this investigation, suspended the effective date of the tariff sheets for 90 days pending investigation into the propriety and reasonableness of the aforementioned schedules and set the matter for prompt hearing on short notice (less than 10 days).

Public Hearing

Public hearing as required by the order was consolidated for hearing purposes with further hearing on Application No. 36749,^{2/} and was held before Examiner Manley W. Edwards on May 22, 1958 at Needles, California. Respondent presented 11 exhibits and testimony by two witnesses in support of its position that not all of the reduction in power costs should be passed on to the customers in view of its impaired earning position. Counsel for the City of Needles, by cross-examination of respondent's witnesses, questioned the validity of respondent's position and pleaded for more time to analyze its exhibits. Counsel also presented a resolution by the City of Needles with

^{2/} The rates were increased approximately 26 percent on August 20, 1955 by Decision No. 51750, Application No. 36749. This application was reopened for further hearing by order of the Commission dated May 13, 1958.

regard to this matter and made a motion that the Commission take the action suggested therein.

Resolution of the City of Needles

By resolution dated May 21, 1958, the City Council of the City of Needles requested the Commission to take the following action:

(1) Authorize the California-Pacific Utilities Company to make effective, as of May 1, 1958, the electric rate reduction submitted with its Advice Letter No. 45-E, dated May 9, 1958, subject to review and revision by later order of the Commission in said proceedings, if, in the judgment of the Commission such revision is required in the public interest.

(2) Adjourn these proceedings for a period of thirty days, or to a date acceptable to all interested parties, to afford opportunity for interested parties to study the factors involved in a final determination of the issues in said proceeding.

Findings and Conclusions

After considering the evidence of record and the position of the City of Needles, the Commission finds and concludes that the City's motion should be granted, the suspension of the tariff sheets should be lifted and the reduced rates should be allowed to become effective as of May 1, 1958, on an interim, temporary and provisional basis, pending further study for 60 days of respondent's adjusted 1957 earnings estimate. The burden of proving the reasonableness of the rates at issue herein shall be and remains upon the respondent and the action taken herein by the Commission does not constitute a finding of the reasonableness of such rates.

Revised tariff sheets filed with Advice Letter No. 45-E having been suspended, public hearing having been held, the Commission

having found that the suspension should be lifted on an interim, temporary and provisional basis; therefore,

IT IS ORDERED that:

1. The suspension of revised Cal. P.U.C. Sheets Nos. 287-E to 294-E, inclusive, filed on May 9, 1958, under Advice Letter No. 45-E by California-Pacific Utilities Company is lifted, subject to the foregoing conditions.

2. Authority is granted to place the revised tariff schedules into effect as of May 1, 1958, on an interim, temporary and provisional basis.

3. This investigation is held open for further hearing (now scheduled at 10:00 a.m. on July 21, 1958 at the Commission's Court-room in Los Angeles) investigation and decision in this matter.

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

Dated at San Francisco, California, this 17th day of May, 1958.

(Signature)
 President

(Signature)

(Signature)

(Signature)
 Commissioners

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.