

Decision No. 57509

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SAN DIEGO GAS & ELECTRIC COM-)
PANY, a corporation, for a general)
increase in electric rates under)
Section 454 of the Public Utili-)
ties Code.)
(Electric))

Application No. 39680

(Appearances and Witnesses
are listed in Appendix B)

INTERIM OPINION

Applicant's Request

San Diego Gas & Electric Company, engaged in the business of manufacturing, transmitting, distributing and selling electric energy to customers in San Diego County and in a portion of Orange County,¹ filed the above-entitled application on December 27, 1957, requesting an increase in annual revenues from electric sales of at least \$6,743,900, or 16.7 per cent, based on the estimated 1958 revenues of \$40,391,600 at present rates. On May 12, 1958, by Exhibit No. E-4, applicant filed a revision to its proposed new electric rates and estimates that the revised rates will increase electric revenues by \$7,335,400, or 18.16 per cent, on the estimated

¹ Applicant also is engaged in the business of purchasing natural gas at wholesale and transporting, distributing and selling gas, as a public utility, in the City of San Diego and other communities in Western San Diego County, and to a limited extent the manufacturing, distributing and selling of low-pressure steam in a limited portion of the business district of the City of San Diego. During the year 1956, approximately 68.6 per cent of applicant's gross revenue was derived from the sale of electric energy, 31.2 per cent from the sale of gas and 0.2 per cent from the sale of steam.

revenues of \$40,391,600 at present rates if effective for a full year.

Public Hearing

After due notice public hearing on this application was held before Commissioner C. Lyn Fox and/or Examiner Manley W. Edwards. This application was consolidated for hearing purposes with Applications Nos. 39679 and 39681, and a total of 23 days of hearing was held during the period March 3 to July 23, 1958, inclusive, on the three applications, the first 22 days being held in San Diego, California. Applicant introduced five all-department exhibits and seven electric-department exhibits, and testimony by 10 witnesses in support of its electric rate request. The Commission staff made an independent study of applicant's operations, presented five all-department exhibits and two electric-department exhibits, and testimony by six witnesses and cross-examined the applicant's witnesses for the purpose of developing a complete record to aid the Commission in deciding this rate increase request. Certain interested parties presented 15 exhibits and also cross-examined the applicant's as well as the staff's witnesses. Closing briefs were filed on July 14, 1958, and argument before the Commission en banc was held on July 23, 1958, in San Francisco. The matter was submitted for Commission decision; however, since closing the record the Commission has become aware of important changes in fuel oil price, and other costs and will issue only an interim opinion and order at this time and reopen the proceeding.

Applicant's Operations

The area presently served with electricity by the applicant is all of San Diego County, except certain relatively small areas in the eastern and southeastern portions, and the southwestern portion of Orange County, all of which totals approximately 3,767 square miles. About 291 square miles along the easterly edge of San Diego County

have been reserved to Imperial Irrigation District by agreement. In the southeasterly portion of San Diego County approximately 337 square miles is reserved as the service area of Mountain Empire Electric Cooperative, Incorporated. The Cooperative obtains all of its energy by purchase from the applicant through a connection near Laguna Junction. Applicant's service area is shown in Chart 3-A of Exhibit No. E-1.

As of December 31, 1957, the applicant had three generating plants with approximate capabilities as follow:

<u>Station</u>	<u>Location</u>	<u>Capability</u>
Station B	San Diego	112,000 kw
Silver Gate Station	San Diego	242,000 kw
Encina Station	Carlsbad	212,000 kw
Total		<u>566,000 kw</u>

Transmission lines as of December 31, 1957, consisted of 648.6 circuit miles of line of 138-kv and 69-kv rating, and distribution lines of approximately 5,005 pole miles of overhead distribution, 35.4 miles of underground conduit bank with 152.1 miles of underground cable of 12 kv or less, and 3.8 miles of submarine cable. Also, there are six transmission substations with an aggregate transformer capacity of 797,000 kva, 31 transmission to distribution substations with a capacity of 779,623 kva and 76 distribution substations with an aggregate capacity of 401,645 kva.

During 1957 the total system energy requirements were 2,158,459,000 kw-hr and at the end of that year 276,227 customers were being served.

A third unit at the Encina Station, with a capability of 106,000 kw, is now under construction and is scheduled for completion in August, 1958.² Applicant is planning for a new South Bay Station with an initial unit of 136,500 kw name plate rating tentatively scheduled for service in 1960.

² Information received after the matter was submitted indicated the unit was completed on schedule.

Applicant's Position

Applicant represents that the rates and charges under its existing and now authorized schedules or tariffs are unjustly and unreasonably low and confiscatory of its plants, property and equipment devoted to the public use in the service of electricity. Applicant states that since the present rates became effective under the several decisions on Application No. 36579, starting in 1955, practically every item of expense has increased, particularly higher wages and salaries of employees, higher cost of gas and oil, increased taxes, higher cost of connecting customers and increased cost of borrowed money and equity financing. Applicant seeks an order of the Commission authorizing it to increase its rates and charges for electric service, to withdraw and cancel all of its existing schedules or tariffs applicable to electric service and to file and make effective the tariffs with revisions as provided by Exhibit No. E-4 in this proceeding.

Applicant's Exhibit No. E-1 shows the following trend of earnings as expressed by a rate of return on its depreciated electric department rate base, after payment of operating expenses:

<u>Year</u>	<u>Per Cent</u>
1956 Recorded	6.03%
1957 Recorded	5.69
1957 Adjusted	5.23
1958 Estimated	4.86
1958 Adjusted (Present Rates)	4.19
1958 Adjusted (Proposed Rates)	6.14

Under the rates proposed in Exhibit No. E-4, applicant now estimates the year 1958 would show 6.50 per cent rate of return assuming the rates in effect for the full year. Applicant made detailed estimates of its operations for the adjusted year 1958 and uses this adjusted year as a test year.

Earnings Comparison for 1958

In addition to the detailed studies applicant made of its 1958 earning position, the Commission staff prepared an analysis for 1957 and 1958 estimated and adjusted in Exhibit No. E-5 and by Exhibit No. E-23 extended its estimates to cover the year 1959. The results of the applicant's and the staff's studies for 1958 are summarized and compared on Table 1. Also shown on Table 1 are the adopted operating results which the Commission will use for the purpose of testing the validity of applicant's request.

Operating Revenues

The staff's estimate of operating revenues is \$152,700, or 0.38 per cent, higher than the applicant's. The applicant states that the electric department sales and revenues for the first five months of 1958, on a temperature adjusted basis, have exceeded its estimate by 0.39 per cent. The staff represents that its estimate is precisely supported for the first five months. Moreover, the applicant does not contest the staff's estimate. However, the County of San Diego contends that the applicant's estimate of new customers coming on the line in 1958 is low and is below the actual experience.

The staff estimate of electric customers as of April, 1958, is 266 higher than recorded data and 179 higher as of May, 1958. Because the staff's estimate is running very close to actual experience, after temperature adjustment, it is our conclusion that the staff's electric revenue estimate should be used except for a minor adjustment in miscellaneous revenues. The staff estimate of miscellaneous revenues includes rent revenues from nonoperating properties which are not included in the rate base. Consistent with the staff treatment of nonoperating properties for rate base

SUMMARY OF EARNINGS FOR ADJUSTED YEAR 1958
ELECTRIC DEPARTMENT OF SAN DIEGO GAS & ELECTRIC COMPANY
 (At Present Rate Levels)

	<u>Applicant's Estimate</u>	<u>Staff's Estimate</u>	<u>Adopted 1958 Test-Year Results</u>
<u>OPERATING REVENUES</u>			
Domestic - Single Family	\$ 17,186,900	\$ 17,242,400	\$ 17,242,400
Domestic - Multi-Family	497,800	504,600	504,600
General Service - Regular	10,724,900	10,755,000	10,755,000
General Service - Large	5,291,500	5,412,400	5,412,400
General Power	2,866,200	2,891,200	2,891,200
Dredging	48,800	57,600	57,600
Agricultural Power	1,681,600	1,666,300	1,666,300
Street Lighting	780,300	780,300	780,300
Resale - Regular	1,197,500	1,116,500	1,116,500
Resale - Intermittent	-	-	-
Miscellaneous Revenue	116,100	118,000	115,800
Total Operating Revenue	40,391,600	40,544,300	40,542,100
<u>OPERATING EXPENSES</u>			
Production - Oil Fuel Purch'd.	\$ 5,037,300	\$ 3,833,900	\$ 3,471,400
Production - Gas Fuel Purch'd	4,566,600	4,427,400	4,894,900
Production - Other Expenses	2,507,300	2,568,500	2,568,500
Transmission	342,900	357,600	348,000
Distribution	2,420,700	2,466,600	2,453,300
Customer Acctg. & Collecting	1,362,500	1,328,100	1,328,100
Sales Promotion	564,200	558,600	529,000
Administrative and General	2,189,100	2,189,000	2,189,000
Depreciation and Amortization	5,297,900	5,074,900	5,074,900
Taxes - Other than Income	5,341,600	5,051,100	5,047,600
Taxes - Income	4,274,000	5,209,900	5,092,500
Total Operating Expenses	33,904,100	33,065,600	32,997,200
Net Revenue	6,487,500	7,478,700	7,544,900
Rate Base (Depreciated)	154,796,000	155,028,000	154,880,800
Rate of Return	4.19%	4.82%	4.87%

purposes the staff's miscellaneous revenues will be reduced by \$2,200 to eliminate such rent revenues. After making this adjustment, we find the staff's revenue estimate is reasonable and adopt it for the purposes of this decision.

Production Expenses - Fuel Oil Purchased

The staff's fuel oil expense is \$1,203,400, or 23.9 per cent, below the applicant's estimate. Some \$500,000 of this amount results from the fact that the staff estimated that about 192,581 fewer barrels of fuel oil would be burned and at a lower price per barrel. In applicant's Exhibit E-1 a price of \$2.86 per barrel was used and the staff used a price of \$2.35 per barrel plus 4 per cent sales tax or \$2.444 per barrel. If the applicant's figure is adjusted to a \$2.444 price, its production expense, utilizing its estimate of oil usage, would be reduced by \$732,700.

The County of San Diego made a motion that the Commission investigate the prices of fuel oil in Southern California at the present time. The County points out that the posted price of fuel oil in San Diego is \$2.71 per barrel; that the posted price in San Pedro is \$2.45; that oil can be shipped by barge from San Pedro to San Diego for 15 cents per barrel; that the applicant at the present time is paying \$2.35 per barrel; and that there is evidence that oil is being sold in the Los Angeles area at prices as low as \$1.80 per barrel.

Applicant takes exception to any contentions that the posted price of oil may be expected to drop further than the present \$2.35 contract price and that it might acquire spot oil at prices lower than the contract price. Applicant buys oil on two long-term contracts and states: first, its oil contracts run to 1960 and there is only one which could be terminated prior to that time, viz., June 30, 1959; second, that there are outstanding benefits to the utility and to the ratepayer by having such long-term contracts; and third, the purchase of distress oil and its temporary substitution

for gas would reduce the gas load factor and probably have an adverse effect. Also, applicant states that the incremental commodity price of gas to the company as a whole is 27.25 cents per Mcf and, therefore, spot oil would have to be available at less than \$1.63 per barrel before it would gain any advantage.

Since the date applicant made these statements the posted price of fuel oil dropped by 35 cents per barrel. Such lower price of oil has the estimated effect of reducing the fuel oil expense by \$608,000; however, there are 605,900 fewer Mcf of steam plant gas available than assumed by the staff which has an offsetting effect of \$245,500 when replaced by oil.

In the Commission's opinion, there are advantages to the ratepayer by the applicant having long-term oil contracts and an assured supply of fuel at all times, in times of plenty and scarcity, and at a price 36 cents below the posted price in San Diego (or 25 cents below San Pedro with 15-cent delivery cost). Furthermore, under the present gas contract prices, even oil at \$1.80 per barrel would not be attractive to the utility, as a whole, as a substitute for gas fuel, keeping in mind that applicant has certain minimum contract oil purchase obligations. Under the circumstances we see no advantages to be gained in the test year 1958 from conducting such an investigation as requested by the County. Accordingly, the motion by the County of San Diego for a fuel oil investigation at this time is denied. We reflect the lower fuel oil price for the purposes of this interim order and adopt an amount of \$3,471,400 as reasonable.

Production Expenses - Gas Fuel Purchased

The staff's gas fuel expense is \$139,200 lower than the applicant's. The staff assumed that 14,611,700 Mcf of gas would be burned and the applicant assumed 13,396,700 Mcf. The reason the staff's estimated expense is lower is that it used a base price of 30.65 cents per Mcf, whereas the applicant used a base price of 34.45 cents per Mcf, the rate it was proposing at the time Exhibit

E-1 was prepared. Since that time the Commission has decided that a base price of 35.25 cents per Mcf should be charged for steam-plant gas. Also, applicant represents that the staff's estimate of gas available for steam plants is too great because of the fact that Edison exchange gas will not be available in Southern California in 1958, as assumed by the staff. The applicant's position on this point is reasonable and we will reduce the staff's estimate of available gas by 605,900 Mcf. When the lesser quantity of gas is priced out at a 35.25-cent base price we determine and adopt as reasonable an amount of \$4,894,900 for gas fuel expense for 1958.

Production - Other Expenses

The staff's other production expenses are \$61,200, or 2.44 per cent, greater than applicant's. Through cross-examination it was developed that applicant's estimate was in error. Applicant introduced Exhibit E-7 to correct the error and to show the effect of the final 1958 wage settlement. After allowance for these changes applicant's estimate is only \$1,000 less than the staff's. We find as reasonable and adopt the slightly higher estimate of the staff for production - other expenses.

Transmission Expenses

The staff's transmission expenses are \$14,700, or 4.3 per cent, greater than applicant's. Applicant represents that its estimate is low by \$5,100 because of the 1958 wage settlement. Adding this amount to the applicant's estimate results in a total of \$348,000 which amount we find is reasonable and adopt for the 1958 transmission expenses.

Distribution Expenses

The staff's distribution expenses are \$45,900, or 1.9 per cent, higher than applicant's estimate. Applicant states that its

estimate is low by \$32,600 because of the 1958 wage settlement and when this amount is added to its estimate, a figure of \$2,453,300 results. Such figure is 0.5 per cent below the staff's estimate; it appears reasonable to the Commission and will be adopted.

Customer Accounting and Collecting Expenses

The staff's customer accounting and collecting expenses are \$34,400, or 2.5 per cent, below applicant's. Applicant represents that its allowance is \$16,200 low because of the 1958 wage settlement. Also, applicant's figure does not contain any increment to offset the increase in postal rates starting August 1, 1958. Thus applicant's estimated 1958 expense for this item reflects an increase of over 11 per cent compared to its 1957 recorded figure. The County of San Diego points out that certain items in this group of expenses, such as customer contracts, collecting, meter reading and customer billing show increases in the range of 14.8 to 18.7 per cent, whereas in prior years the increase trend was 5 to 6 per cent.

The Commission's attention has been invited to the fact that applicant uses a monthly billing cycle and probably could reduce its customer accounting and collecting expenses somewhat by placing part of its accounts on a bimonthly billing cycle. Since no evidence is in the record on this matter as to the possible savings, in our opinion it is not reasonable to adopt a figure lower than the staff's estimate. Accordingly, we find reasonable and adopt the staff's figure of \$1,328,100 for customer accounting and collecting expenses for the test year 1958.

Sales Promotion Expenses

The staff's sales promotion expenses of \$558,600 are \$5,600, or 1.0 per cent, below applicant's. Applicant represents that its sales promotion expenses allowance of \$564,200 is \$4,200

low because of the 1958 wage settlement. The County of San Diego points out an inconsistency in applicant's estimates in that the witness on sales promotion expenses anticipated the year 1958 as one of above average growth, whereas the witness on revenues anticipated a below average growth rate. The County took the position that neither the staff nor the company presented a fair picture as to this matter. In reviewing this matter, we note that the year 1957 recorded figures showed a growth of about 6 per cent over the 1956 recorded figures. An equivalent growth in 1958 would result in a figure of \$529,000. Realizing that this is a combination gas and electric company, not too much concerned as to the intense competition as between gas and electric appliances in new homes, we find reasonable for rate-making purposes, and adopt a figure of \$529,000 for sales promotion expenses for the test year 1958.

Administrative and General Expenses

The staff's administrative and general expenses are \$100 below the applicant's estimate. Applicant represents that its administrative and general expenses are \$48,600 low because of the 1958 wage settlement and \$40,100 low because of an actual pension dividend. Some \$18,000 of the difference between the staff's figure and the applicant's final estimate is occasioned by higher franchise payments pursuant to the staff's higher revenue estimate. The staff's estimate represents an increase over the 1957 recorded expense of 9 per cent. Applicant's management has control over this item and when some interest is figured on the insurance and injuries and damages reserve, we do not find the applicant's final figure is reasonable. In our opinion a 9 per cent increase in this item is adequate for rate-making purposes. Accordingly, we find reasonable and adopt a figure of \$2,189,000 for the test year 1958 for administrative and general expenses.

Depreciation Expenses

The staff's depreciation expenses are \$223,000, or 4.2 per cent, below applicant's. The main difference between the staff's and the applicant's figures is accounted for by different estimates as to remaining lives for certain items of plant. The development of composite remaining lives by the company incorporated the use of total estimated future interim retirements, including future additions, as opposed to the staff's use of estimated future interim retirements of existing plant. The staff's development of remaining lives appears more reasonable. We therefore adopt for the 1958 test year the staff's depreciation expense amount.

Taxes, other than Income

The staff's taxes, other than income, are \$290,500, or 5.4 per cent, lower than applicant's. This difference results primarily from the fact that the staff used the actual 1957-58 tax rates in computing the year 1958 estimated ad valorem taxes, whereas the applicant used a higher trended tax rate. Applicant states that the cost of government in the postwar period has risen with all other costs and that the tax rates have increased each year for the past five years. Applicant's position is that it certainly is not unreasonable to allow for a continuation of this trend.

In resolving this matter there are two things to consider: (1) that there may be an upward reassessment of all property other than utility in the tax base with a consequent material lowering in the tax rate, and (2) that the tax rate does not increase sharply every year and some years show only a small increase or even may show a decline.

With regard to its original estimate, applicant represents that it should be reduced by \$78,300 because of a lower actual

assessed value than used in its estimate. Such a correction would lower the applicant's figure to \$5,264,900 which is 4.2 per cent greater than the staff's estimate, but still, in our opinion, is above a reasonable amount for rate-making purposes.

The County of San Diego opposed the inclusion of taxes on nonoperating property as part of the tax expense of the applicant. Consistent with our treatment of rent revenues from nonoperating properties and the exclusion of such properties from rate base, the taxes on nonoperating properties in the amount of \$3,500 also will be excluded.

After considering this matter, we find the staff's allowance should be reduced by \$3,500. After making this adjustment, we will adopt as reasonable the staff's estimate of taxes, other than income, in the amount of \$5,047,600.

Taxes, Income

State corporation franchise tax and federal income tax amounts vary depending on the level of net income. In the adopted 1958 test year results, these amounts have been computed on the basis of a 4 per cent level for the state corporation franchise tax and a 52 per cent level for the federal income tax, assuming straight-line tax depreciation accounting.

For the years 1954-57 the applicant's federal income taxes were determined using the sum of the years digits method to compute accelerated depreciation, but applicant plans to revert to straight-line depreciation tax accounting for 1958 and has received Treasury Department permission so to do. Applicant has accumulated a reserve for deferred taxes of \$2,163,146.

The question as to what rate treatment should be accorded to accelerated depreciation tax accruals and reserves for deferred taxes is being investigated by the Commission under Case No. 6148.

Until such case is decided, the applicant shall advise this Commission as to its election for the 1959 tax year with regard to accelerated depreciation by January 1, 1959, and yearly thereafter by January 1 of each year until a final decision of this Commission in Case No. 6148, and the Commission will promptly move to adjust the rates herein authorized in such manner as may be found appropriate. For the purposes of this decision only, pending final decision by this Commission on the treatment to be accorded accelerated depreciation for rate-making purposes, the tax expense for rate-making purposes herein will be determined after crediting to the Federal Income Tax Account interest calculated on the reserve for income taxes at the rate of return on applicant's rate base herein adopted. Since approximately two thirds of this reserve of about \$2,163,000 is chargeable to electric, the interest credit in this proceeding will be \$90,000.

After giving weight to the variation in gross revenues and expenses being adopted herein and the deferred tax reserve interest credit, an income tax figure of \$5,092,500 is computed for the test year 1958, is found to be reasonable and is adopted.

Rate Base

The staff's rate base is \$241,800, or 0.16 per cent, higher than applicant's as shown on Table 2. Applicant represents that its rate base should be increased by \$51,000 because of the 1958 wage settlement after its exhibit was prepared. By including such amount the difference between the two estimates is reduced to 0.12 per cent. ✓

The County of San Diego contested three items included in these rate bases, that is: (1) Encina Unit No. 3, (2) South Bay

SUMMARY OF RATE BASE FOR 1958
ELECTRIC DEPARTMENT OF SAN DIEGO GAS & ELECTRIC COMPANY

<u>Item</u>	<u>Applicant's Estimate</u>	<u>Staff's Estimate</u>	<u>Adopted 1958 Test-Year Results</u>
<u>Plant as of 12-31-57</u>			
Intangible	\$ 12,500	\$ 12,500	\$ 12,500
Production	63,100,100	63,100,100	63,100,100
Transmission	20,590,600	20,590,600	20,590,600
Distribution:			
Land, Land Rights, Structures	2,522,300	2,522,300	2,522,300
Station Equipment	13,680,100	13,680,100	13,680,100
Poles, Towers, Fixtures	17,922,500	17,922,500	17,922,500
Overhead Cond's. and Dev.	12,699,900	12,699,900	12,699,900
Underground Conduit&Cond's.	2,599,200	2,599,200	2,599,200
Transformers	13,221,700	13,221,700	13,221,700
Services	4,045,500	4,045,500	4,045,500
Meters	5,585,100	5,585,100	5,585,100
Street Light&Sig. Systems	2,326,600	2,326,600	2,326,600
General Plant	1,051,600	1,051,600	1,051,600
Subtotal - Elec. Plant	159,357,700	159,357,700	159,357,700
Common Utility Allocation	6,268,600	6,268,600	6,268,600
Net Operative C. W. in P.	252,000	251,400	251,400
Weighted Avg. 1958 Additions	20,427,700	20,583,400	20,583,400
Total Weighted Avg.			
Elec. Plant	186,306,000	186,461,100	186,461,100
Deduction for Depreciation	33,972,000	33,912,400	33,912,400
Weighted Avg. Net Elec. Plant	152,334,000	152,548,700	152,548,700
Modifications:			
Contr. in Aid of Constr.	(846,000)	(846,000)	(846,000)
Customers' Adv. for Constr.	(388,000)	(388,000)	(388,000)
Non-Operative Property	(218,000)	(217,700)	(374,700)
Reallocation of Lands	22,000	21,500	21,500
Wage Increase Adjustment	-	51,000	51,000
Materials and Supplies	2,392,000	2,368,300	2,368,300
Working Cash Allowance	1,500,000	1,500,000	1,500,000
Weighted Avg. Deprec.			
Rate Base	\$154,796,000	\$155,037,800	\$154,880,800

(Red Figures)

Power Plant property, and (3) the portion of the \$2,163,000 of the deferred income tax reserve applicable to the electric department.

Encina No. 3 Unit is scheduled for completion on August 1, 1958,³ but both the staff and the applicant included the unit in the 1958 adjusted year rate base as if it had been completed on January 1, 1958. This unit was included for a full year by applicant in lieu of asking for an additional increment in rate of return to offset a downward trend in rate of return. The County contends that the applicant has, in reality, added Unit No. 3 at Encina for peak demands of electricity which will occur in years subsequent to 1958, and protests the inclusion of this unit for the period from January 1 to August 1, 1958. Since the cost of Encina No. 3 unit is estimated at approximately \$14,000,000 its effect is considerable.

The staff considered this matter and provided a 1959 estimate so as to have a revenue, expense and rate base study in proper relationship for a full year after the new unit was in operation. The staff's 1959 estimate at present rates showed a rate of return of 4.83 per cent which is only 0.01 per cent higher than its adjusted year 1958 study showed. After seeing the results of the staff's study, the applicant stayed with its year 1958 adjusted estimate as to test year and did not offer to prepare a 1959 estimate. Based on the staff's 1959 analysis it is apparent that the inclusion of Encina No. 3 for an additional seven months in 1958 does little more than counteract the depressing effect it would have on the first year's earnings after the unit is in service.

The South Bay steam-electric plant property (149 acres of land) in the amount of \$407,000, was included in the rate base as land held for future use. It is within three years of the expected

³ See footnote 2.

operative date of the first unit at the South Bay Plant. The County contends that the \$407,000 figure should be excluded from the rate base inasmuch as part of the property may eventually be classed as nonoperative. The testimony shows that construction of the South Bay Plant is now under way. There are no definite plans at this time to use all of the South Bay land. It would therefore appear that a portion of the land is property held for the indefinite future. We will make a judgment adjustment to eliminate from the rate base about 40 per cent of the cost of land or \$157,000.

The portion of the \$2,163,000 representing the deferred income tax reserve for the electric department will not be deducted from the rate base pending the outcome of Case No. 6148. However, we have credited income tax expense with interest on the deferred tax reserve.

The Commission hereby finds reasonable and adopts a rate base of \$154,880,800 for the electric department for the adjusted test year 1958. ✓

Rate of Return

It is applicant's contention that rates should be prescribed to produce earnings to yield an average 6.50 per cent rate of return on the basis of the estimated adjusted test year 1958 for its electric department, and 6.55 per cent for the company as a whole. Such 6.55 per cent request is 0.2 per cent below the amount of 6.75 per cent recommended by applicant's financial witness.

The Department of Defense and other executive agencies of the United States Government took the position that applicant's proposed rate of return of 6.55 per cent for the company as a whole is excessive, that the over-all rate of return presently allowed for applicant is fair and that any rate of return in excess of 6 per cent would be excessive. It took exception to the testimony of applicant's financial witness stating that he approached the problem of rate of return primarily from the viewpoint of the common stockholder and the institutional investor in the stock. The Government considers that it is of prime importance that the Commission, in reaching a decision on a fair rate of return, should have before it precise information on the cost of capital to the applicant.

The Government presented testimony by an expert witness who had made an analysis of the costs of capital to applicant and found it sharply lower than 6.75 per cent. He took the cost of debt as 3.40 per cent; cost of preferred stock as 5.00 per cent; and

cost of equity as 8.25 per cent and developed an over-all cost of capital based on applicant's average capital structure of 5.66 per cent. The 8.25 per cent cost of equity was based on a study of the market price of applicant's common stock over several years when a dividend price ratio of approximately 5.25 per cent prevailed, with a 67 per cent pay out ratio and an allowance for corporate costs and costs of financing.

The City of San Diego also presented evidence on the subject of cost of capital to applicant. Its witness computed the cost of bond money at 3.43 per cent, the cost of preferred stock money at 4.91 per cent, and with an allowance of 8.5 per cent on common equity money determined that the composite cost of capital on applicant's present capital structure is 5.51 per cent. On the basis of this analysis the City of San Diego takes the position that a fair rate of return for the applicant's combined operations would fall into the range of 5.5 to 6.0 per cent and that applicant is not entitled to a rate of return any higher than the rate of return previously authorized by the Commission.

The applicant disagreed with the positions taken by the Government and the City of San Diego and pointed out that in November, 1957, it sold \$12,000,000 of 4-7/8 per cent bonds, at a cost of money to it of 4.95 per cent and \$7,500,000 of 5.60 per cent preferred stock, at a cost of money to it of 5.74 per cent, and that the highest cost of bond money prior to the 4-7/8 per cent series was 3.34 per cent and the average was substantially below that. Applicant admits that the bond and preferred stock markets have improved since last November but represents that it could not now expect to sell bonds or preferred stock at the cost to it which would have obtained at the times when the rates presently in effect were fixed.

The County of San Diego took the position that the portion of the accrual of \$2,163,000 for deferred income taxes applicable to the electric department should be excluded from the rate base. Pending outcome of Case No. 6148 we have not acceded to this request but have credited income tax expense with interest on the deferred tax reserve. If zero cost of money is shown for such reserve, on the assumption that it is an interest-free loan from the Government, the over-all cost of money is reduced from 6.75 to approximately 6.61 per cent.

We have given careful consideration to the Government's and City of San Diego's positions. They are predicated, however, principally on past performances of applicant's securities in the market place. We cannot speculate as to the future attitude of investors. We are faced with the fact that applicant's imbedded cost of bond money now is higher than it was in 1950 when a rate of return of 5.65 per cent was authorized for the gas department and in 1955 when a rate of return of 5.90 per cent was authorized for the electric department. Likewise, the applicant's representations that to raise the capital to finance, on a reasonable basis, facilities for the rapidly growing needs of its service area it must be able to maintain the necessary financial integrity to go into the nation's money market on a competitive basis, are entitled to serious consideration, particularly since there is indication of an increase in cost of money since July, 1958.

Upon a careful consideration of the evidence before us, we are of the opinion and find that a rate of return for an interim period pending more evidence of 6.25 per cent is

fair and reasonable for applicant's electric department for the estimated year 1958. When a rate of return of 6.25 per cent is applied to the depreciated rate base of \$154,880,800 hereinbefore found reasonable, an over-all increase in annual gross revenues of \$4,670,000 is found to be required. This increase is approximately 64 per cent of the increase in the electric department revenues finally requested by applicant. ✓
✓
✓

Rate Spread

Applicant started with the rates prescribed by the Commission under Application No. 36579 in 1955 and 1956, presumed them to provide a fair and reasonable spread and proposed increases in such rates intended to reflect changes in cost levels for electric service since 1955. No general rearrangement of rates is proposed by applicant at this time with the exception of a provision for multi-family residential service supplied in connection with other services on the general service schedules. Applicant's formula for deriving the proposed rate levels is to increase all present price levels by 13.2 per cent and then add 0.079624 cents per kwhr to each commodity rate. In the applicant's opinion its formula gives full weight to the fact that unit fuel costs have increased from 0.268 cents per kwhr in 1955 to 0.383 cents per kwhr in 1958 and that other cost items have increased by 13.2 per cent.

The proposed increases, by classes, resulting from the use of this formula follow:

APPLICANT'S PROPOSED INCREASES

<u>Class of Service</u>	<u>Deliveries 1,000 Kwhr</u>	<u>Revenue</u>		<u>Revenue Increase</u>	
		<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount</u>	<u>Ratio</u>
Domestic	703,850	\$17,684,700	\$20,579,900	\$2,895,200	16.37%
General Service	980,920	16,016,400	19,266,300	3,249,900	20.29
General Power	159,160	2,866,200	3,371,300	505,100	17.62
Dredging	4,000	48,800	58,400	9,600	19.67
Agricultural Power	101,980	1,681,600	1,984,800	303,200	18.03
Street Lighting	24,150	780,300	902,500	122,200	15.66
Resale	104,650	1,197,500	1,438,900	241,400	20.16
Other Elec. Revenue	-	116,100	124,900	8,800	7.58
Total	2,078,710	40,391,600	47,727,000	7,335,400	18.16

The California Manufacturers Association studied applicant's proposed increase formula and, subject to adjustments which may be required on account of possible changes in the rate of return and cost of fuel by the Commission, stated that it appears to be reasonable in so far as the proposed rates may apply to its members.

A customer's representative disagreed with applicant's proposed spread of the rate increase, recommending that the Commission render an interim decision covering the matter of rate of return; then refer the matter of preparing rate structures back to applicant, with instructions that it shall forthwith arrange informal meetings to be participated in by all parties of record to work out a complete and satisfactory level of rates. In the Commission's opinion such a method would not be consonant with its duties to establish reasonable rates and to prevent any unreasonable difference in rates as between localities or as between classes of service.

The Commission will proceed in its customary manner to spread the increase in rates giving consideration to such factors as territory, rate of growth, comparative rate levels, financial risk, future outlook, adequacy of service, rate history, customers' acceptance and usage developed under existing rates, value of service and cost to serve. Applicant did not present a cost-to-serve study by classes as it did in its 1955 electric rate case. Several parties brought this matter to the Commission's attention, but the applicant took the risk of standing on its formula method of figuring the proposed rate increase. The Commission did

not require applicant to prepare a separate cost-of-service study by classes. Such a study would have been helpful to the Commission in exercising its judgment as to applicant's spread of the rates. In view of the fact that a lesser over-all increase is being allowed than sought, it is possible to keep most of the rate changes within the range proposed by applicant; however, in some places we may find it desirable to go beyond the range proposed by applicant.

Zoning

Applicant's domestic and general service rates are now segregated into two zones. Zone No. 1 includes the cities of Carlsbad, Chula Vista, Coronado, El Cajon, Escondido, Imperial Beach, La Mesa, National City, Oceanside, San Clemente and San Diego. Zone No. 2 is comprised of the entire territory served by the applicant outside the limits of incorporated cities. Applicant proposed no change in the number of zones but proposed to freeze the corporate boundaries for zoning purposes.

The Commission staff studied the characteristics of the applicant's service area and proposed a four-zone plan in Exhibit No. A-8. The staff points out that, for a number of years, some of the major utilities in the state have had domestic and general service electric rates based on the grouping of certain areas into zones and often including both incorporated and unincorporated areas on the same rate level. The staff's approach gives consideration to the number of customers, the location of the customers, the number of customers per mile of distribution pole line, area growth pattern, and the history of the rates.

The staff's proposed four-zone plan covers the following electric service areas:

<u>Area</u>	<u>Number of Customers</u>	<u>Density Customers per Mile</u>	<u>Relative Weighting</u>
Zone 1			
Proposed Greater Metropolitan Area	211,696	109	100
Zone 2			
Oceanside-Carlsbad:	9,944	71	61
Escondido	4,010	78	53
Total Zone 2	<u>13,954</u>	<u>73</u>	
Zone 3			
San Ysidro Area	779	83	43
Fallbrook Area	781	89	40
South Laguna Area	1,085	85	40
Del Mar, Solana Beach, Cardiff, Leucadia, Encinitas Area	6,034	46	39
Vista Area	3,134	60	39
San Clemente	3,210	59	34
Lakeside Area	451	59	34
Ramona Area	596	65	31
San Juan Capistrano Area	450	48	25
Total Zone 3	<u>16,520</u>	<u>56</u>	
Zone 4			
All other Customers	34,057	12	
Total System	<u>276,227</u>	<u>53</u>	

The staff's relative weighting criteria are predicated 40 per cent on number of customers, 40 per cent on density, and 20 per cent on the other factors previously mentioned.

The representative for Solana Beach Chamber of Commerce recommended a single rate zone because of the very unusual nature of the service area, the customers residing mainly near the Pacific Ocean with the area covering considerable distance along the coast. He pointed out that the Del Mar, Solana Beach, Cardiff, Encinitas

and Leucadia communities are all contiguous and growing very rapidly and that the area is more developed than the northern portion of the City of San Diego or the Mission Valley Area now classified in Zone 1.

The City of National City placed evidence into the record to show that it is a compact and dense area populationwise and that its future annexation possibilities are rather limited. The City takes the position that it is entitled to the lowest rate zone on the system from a cost standpoint.

Counsel for the cities of El Cajon and La Mesa described the growth in the cities of Chula Vista, El Cajon and La Mesa and urged that they be placed in Zone 1.

The city attorney of the City of Carlsbad presented the position of the cities of Escondido, Oceanside and Carlsbad. They opposed the four-zone plan advanced by the staff, which would place them in Zone 2. The growth to the east of Escondido was mentioned, where the staff had excluded from Zone 2 an annexation which has built or is building over 40 homes, with a total of 435 homes planned in the immediate future. They mentioned that a single zone may be easy to administer but may not be equitable as to cost. With regard to boundary lines they favored the use of the municipal boundaries.

The Commission has carefully considered the positions of the various parties with respect to the problem of rate zoning. In the past we have prescribed zoning systems with several zones for utilities that are larger and for utilities that are smaller than applicant. In the Commission's opinion a uniform rate or single zone does not reflect the difference in customer cost to

serve between a dense city, dense built-up unincorporated area, suburban area, and rural area.

The Commission finds reasonableness in the staff's zoning proposal, which was predicated mainly on density and number of customers. Also, the staff's proposal to set boundary lines where the denser built-up area stops appears more equitable than simply using a municipal boundary line. We will adopt the staff's zoning plan, but will revise the boundary so as to exclude from Zone 1 some of the sparsely settled area to the north and east of the center of the City of San Diego, which is within the city limits of San Diego. Applicant will be required to review annually the boundary lines to accommodate growth.

Domestic Service

Applicant proposes an increase of 16.37 per cent in domestic service on the average. We will reduce this amount to 10.9 per cent for single family service mainly by authorizing smaller increases in the terminal block and the water heater block than the applicant proposed. Applicant's present and proposed rates are compared to the rates being adopted in the following tabulation:

	Schedule No.			
	D-1	D-2	D-1	D-2
	Present Rates		Proposed Rates	
Customer Charge per Month	55¢	80¢	62¢	91¢
First 40 kwhr, per kwhr	3.8¢	4.7¢	4.38¢	5.40¢
Next 60 kwhr, per kwhr	2.5¢	3.0¢	2.91¢	3.48¢
Next 100 kwhr, per kwhr	2.2¢	2.3¢	2.57¢	2.68¢
Over 200 kwhr, per kwhr	1.4¢	1.4¢	1.66¢	1.66¢
Water Heater Block (200-500), per kwhr	1.2¢	1.2¢	1.44¢	1.44¢

	Schedule No.			
	D-1	D-2	D-3	D-4
	Authorized Rates			
Customer Charge per Month	65¢	75¢	85¢	95¢
First 40 kwhr, per kwhr	4.2¢	4.5¢	4.8¢	5.3¢
Next 60 kwhr, per kwhr	2.8¢	2.9¢	3.1¢	3.3¢
Next 100 kwhr, per kwhr	2.5¢	2.5¢	2.5¢	2.6¢
Over 200 kwhr, per kwhr	1.5¢	1.5¢	1.5¢	1.5¢
Water Heater Block (200-500), per kwhr	1.3¢	1.3¢	1.3¢	1.3¢

In the above authorized schedules the minimum charge shall be equal to the monthly customer charge and no usage is included in the customer charge. The energy charges are additive to the customer charge in computing the total bill.

General Service, Multi-family

Presently multi-family service may be obtained through a master meter on the general service rates. Applicant proposes to include a new Special Condition (f) in its General Service Rates A-1, A-2, and A-3, which would result in increases up to as much as 100 per cent or more for multiple housing customers. Applicant contends that the expansion of general service schedules to cover multi-family housing projects has resulted in deliveries to residential loads, with the peaking requirements characteristic of that type of load, under schedules which were designed for a different class of service having different characteristics with lesser impact on system peak requirements; that the resultant price differential in the present rates for such residential service compared with like service on the domestic schedules is so great as to force a transfer whenever possible to the general service rates; and that if this transfer were to continue it would result in need for upward revision of the general service rate levels to reflect the changed conditions of that class.

The Government vigorously opposed applicant's request by showing that the load factor of multiple housing is nearly double that for single family customers, that the voltage of delivery is considerably higher, that applicant is saved certain transformer and distribution system investments, and that the usage per family is greater on a master meter than for the same family with an individual meter.

The City of National City also attacked the proposed higher rates for multiple housing as not being justified.

In deciding this request the Commission observes that with master metering the sales are greater and the applicant's investment is lower than if the applicant were to individually meter and bill each family on the domestic single family rate. We do not find the insertion of Special Condition (f) in the general service schedules to be reasonable and will continue to permit multiple housing on the general service schedules.

General Service - Schedules A-1 and A-2

Applicant's proposed formula increase would result in increases in excess of the system average for general service under Schedules A-1 and A-2. In adopting a four-zone system two additional general service schedules are being added. Applicant's present and proposed rates and those being authorized are summarized below:

	Schedule No.			
	A-1	A-2	A-1	A-2
	Present Rates		Proposed Rates	
Customer Charge per Month	55¢	80¢	62¢	91¢
First 100 kwhr, per kwhr	3.8¢	4.7¢	4.38¢	5.40¢
Next 400 kwhr, per kwhr	3.0¢	3.8¢	3.48¢	4.38¢
Next 1,000 kwhr, per kwhr	2.6¢	3.0¢	3.02¢	3.48¢
Next 1,500 kwhr, per kwhr	2.1¢	2.3¢	2.46¢	2.68¢
Next 2,000 kwhr, per kwhr	1.6¢	1.6¢	1.89¢	1.89¢
Next 100 kwhr per kw, per kwhr	1.6¢	1.6¢	1.89¢	1.89¢
Next 100 kwhr per kw, per kwhr	1.3¢	1.3¢	1.55¢	1.55¢
Next 100 kwhr per kw, per kwhr	1.0¢	1.0¢	1.21¢	1.21¢
All excess kwhr, per kwhr	0.8¢	0.8¢	0.99¢	0.99¢

	Schedule No.			
	A-1	A-2	A-3	A-4
	Authorized Rates			
Customer Charge per Month	65¢	75¢	85¢	95¢
First 100 kwhr, per kwhr	4.2¢	4.5¢	4.8¢	5.3¢
Next 400 kwhr, per kwhr	3.4¢	3.5¢	3.7¢	4.0¢
Next 1,000 kwhr, per kwhr	2.9¢	3.0¢	3.1¢	3.4¢
Next 1,500 kwhr, per kwhr	2.4¢	2.4¢	2.4¢	2.4¢
Next 2,000 kwhr, per kwhr	1.8¢	1.8¢	1.8¢	1.8¢
Next 100 kwhr, perkw, per kwhr	1.8¢	1.8¢	1.8¢	1.8¢
Next 100 kwhr per kw, per kwhr	1.4¢	1.4¢	1.4¢	1.4¢
Next 100 kwhr per kw, per kwhr	1.1¢	1.1¢	1.1¢	1.1¢
All excess kwhr, per kwhr	0.9¢	0.9¢	0.9¢	0.9¢

In the present rates, zone differentials are effective through the first four energy blocks. In adopting more zones we have limited the zone differentials to the first three energy blocks, and in this manner reduce the increase to the larger customers in Zones 2, 3, and 4.

General Service - Schedule A-3

Applicant's present Schedule A-3 is more advantageous to the large customer than Schedules A-1 and A-2. With the addition of two rate zones this schedule will have to be renumbered to Schedule A-5. Applicant's proposed formula increase, because of the present low energy rates, would result in increases considerably in excess of system average for this class of service. We will limit the increase in this schedule to approximately 13.1 per cent on the average.

Heating Service - Schedule H

Applicant proposes an increase of approximately 17 per cent in Schedule H. Because this increase percentagewise is slightly greater than system average, customers on this schedule may find that by combining their heating load with any lighting and/or power load in a single bill under the new zoned general service rates a lower billing may result. Schedule H rates will be set to yield approximately a 13 per cent increase to this class of customers.

Street Lighting

Applicant now renders street lighting service under three schedules, LS-1, LS-2 and LS-3. Schedule LS-1 is applicable to company-owned installations and is applicable within the entire territory served by the applicant. Schedule LS-2 is applicable to customer-owned installations within the city limits of San Diego. Schedule LS-3 is applicable within the entire territory outside of

the incorporated limits of San Diego. The City of National City contends that the record does not sustain any reason for Schedule LS-3 being higher than LS-2; and in order to permit communities to upgrade their lighting system there should be only one rate level for customer-owned installations, as is the case for company-owned installations. Growth in other areas outside of the City of San Diego lends merit to National City's position.

After considering this matter the Commission finds that this is an appropriate time to consolidate Schedules LS-2 and LS-3 for service rendered to customer-owned installations, and a single schedule will be authorized. Thus street lighting service will be rendered at system-wide rates to both customer and company-owned installations.

General Power

Applicant proposes an increase of 17.62 per cent in general power. The authorized rates will yield an approximate 12 per cent increase on the average.

Agricultural Power

Applicant's proposed increase of 18.03 per cent to the agricultural power class is greater than that proposed for general power. The California Farm Bureau Federation questioned the extent of the increase proposed by the applicant in agricultural power. The Farm Bureau recognized that the cost of fuel for electric generation has increased, that wages have increased, and that ad valorem tax rates have increased; but it represented that the cost of money to the applicant probably is less than the 6.5 per cent requested. We will hold the increase in agricultural power to approximately 11.5 per cent.

Resale Service

Applicant's proposal to increase the resale energy rates by 20.16 per cent was opposed by the Mountain Empire Electric Cooperative, Inc. The Cooperative took the position that the applicant's petition for a rate increase, as it affects the Cooperative should be denied because it is an off-peak customer; because the Commission in the past has given special rates to rural customers; because cooperatives historically have been given lower rates than other agencies, including municipalities, by certain states outside of California; and because its present contract with the applicant runs to June 30, 1961. Presently, this schedule is somewhat high compared to the general service rates. In order to bring this schedule more in line with the general service schedules and give consideration to off-peak usage we will adopt a seasonal type demand charge and limit the total increase to approximately 11.5 per cent.

Service Establishment Charge

Applicant now applies a charge of \$1 for each opening of an account for service in the domestic and general service categories under Schedule OC. The charge applies to establishment of service, whether a new service, a reconnected service, or a change of name requiring a meter reading. In case the customer requests that the service be turned on or reconnected after regular business hours, an additional charge of \$1 is made. Applicant proposed only a 10 per cent increase in these rates. Here it departed from its treatment of other classes of service, where generally a higher per cent of increase was requested. The Commission understands that this charge is below the cost and an increase of 50 per cent would be more in line with costs incurred in establishing service. Such an

increase will be authorized, together with more definitive conditions governing the additional charge for out of hours or short notice service. The designation for this schedule is changed to SE, Service Establishment Charge.

Summary of Rate Changes

The following table shows the increase authorized by the interim order herein based on the estimated 1958 sales of energy adopted herein.

<u>Class of Service</u>	<u>Sales Thousand Kwhr</u>	<u>Revenue Present Rates</u>	<u>Revenue Increase</u>	<u>In-crease Ratio</u>	<u>Avg. Rev. per Kwhr after Increase</u>
Domestic-Single Family	689,628	\$17,242,400	\$1,883,100	10.9%	2.77c
Domestic-Multi-family	18,170	504,600	59,500	11.8	3.10
General Service-Regular	480,230	10,755,000	1,219,600	11.3	2.49
General Service-Large	509,743	5,412,400	706,800	13.1	1.20
General Power	158,929	2,891,200	346,400	12.0	2.04
Dredging	5,000	57,600	7,300	12.7	1.30
Agricultural Power	96,596	1,666,300	192,000	11.5	1.92
Street Lighting	24,150	780,300	82,500	10.6	3.57
Resale	98,608	1,116,500	128,800	11.5	1.26
Subtotal Sales	<u>2,081,054</u>	<u>40,426,300</u>	<u>4,626,000</u>	<u>11.4</u>	<u>2.16</u>
Other Electric Revenue		<u>115,800</u>	<u>44,000</u>	<u>38.0</u>	
Total Revenue		<u>40,542,100</u>	<u>4,670,000</u>	<u>11.5</u>	

Miscellaneous Items

During the course of hearings as extensive as this one, many ideas are advanced in the statements and the testimony. Time and space do not permit detailed analysis and ruling on each item. The Commission has considered these ideas and has ruled in this decision on the ones which, in its opinion, are of sufficient importance to warrant comment and special ruling. With respect to the various motions placed before the Commission during the proceeding (and not heretofore ruled upon), all such motions inconsistent with the findings and conclusions herein made or with the following order are hereby each and severally denied. Increase in certain special contracts will be authorized, but exemptions will be authorized in certain contracts involving interchange of power and/or production.

Findings and Conclusions

It is a matter of record in this proceeding that certain costs have risen since the present level of rates was set in 1955. The finding is inescapable that applicant is not earning a fair rate of return at present rates. Our adopted operating results fully account for the growth in sales, customers and revenues since the present level of rates was established, but the growth in revenues has not been sufficient to offset the increasing costs of operation and increasing cost of money. Based on the evidence of record higher rates are warranted. Accordingly, the Commission finds that the rates and charges authorized herein are justified; that the existing rates, in so far as they differ from those herein authorized for the future are unjust and unreasonable; and that an interim order should be issued authorizing the increased rates and tariff revisions as provided by the order and Appendix A herein.

INTERIM ORDER

The San Diego Gas & Electric Company having applied to this Commission for an order authorizing increases in rates and charges for electric service, public hearing thereon having been held, the matter having been submitted, the Commission being fully informed and having found increases in rates to be justified; therefore,

IT IS ORDERED that:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, revised tariff schedules with changes in rates, terms, forms, conditions and rules as set forth in Appendix A attached hereto, and upon not less than five days' notice to this Commission and to the public to make said tariff schedules effective for service rendered on and after November 15, 1958.

2. Applicant shall revise its zoning method for domestic and general service customers substantially in accordance with the plan set forth in Exhibit No. A-8, modified as follows:

- a. Exclude from the Greater Metropolitan Rate Area that part of the City of San Diego comprising a portion of the Pueblo Lands of San Diego and lying north of a line described as follows: Starting at a point where the bottom of the San Clemente Canyon intersects the city limits of the City of San Diego in Pueblo Lot No. 1246, thence westerly along the bottom of the San Clemente Canyon and its extension, to an intersection with the Pacific Coast Highway in Pueblo Lot No. 1253. Northerly along said Highway to a point on the Lot Line between Pueblo Lots Nos. 1314 and 1323, thence westerly along said Lot Line and the Lot Line between Pueblo Lots 1313 and 1324 to the Pacific Ocean.
- b. Exclude from the Greater Metropolitan Rate Area that part of the City of San Diego which includes Cowles Mountain and lying north of a line described as follows: Starting at a point where the easterly limits of the City of San Diego intersect Lake Murray Boulevard, thence westerly along Lake Murray Boulevard to its intersection with the south section line of Section 5, Township 16 South, Range 1 West. Thence westerly along said south section line of Sections 5 and 6 and Sections 1 and 2 of Range 2 West, San Bernardino Base and Meridian, to an intersection with the city limits of the City of San Diego.

3. At the time of filing of tariffs as provided in ordering paragraph 1 hereof applicant shall file, in conformity with General Order No. 96, appropriate and suitable rate area maps consistent with the description of rate areas established herein.

4. Applicant shall annually review its zoned-rate territorial limits, and annually file such revisions thereto as may be appropriate. Contemplated revisions shall be submitted to the Commission for review in proposed form not less than thirty days prior to making the filing.

5. In order to determine when rate area limits should be changed applicant shall study and within one hundred eighty days after the effective date hereof submit a report showing:

- a. Minimum customer, density and location criteria for establishing new rate areas;
- b. Minimum customer, density and location criteria for rezoning of fringe areas and built-up communities.

6. At the time of making effective the rates authorized by ordering paragraph 1 hereof, applicant shall 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.

7. On the day of making new rates effective applicant is authorized to increase the rate level of the following special contracts to the level of the applicable filed tariff schedule.

<u>Item</u>	<u>C.P.U.C. Authorization</u>
a. Cia Electrica Fronteriza, S.A.	Dec. 54705
b. Mountain Empire Electric Cooperative, Inc.	Dec. 54116
c. Cia Electrica Fronteriza, S.A.	Dec. 53758
d. Dept. of the Navy, U.S.A.	Filed 10-1-54

Applicant is not authorized to increase rates prescribed by the following contracts:

a. Escondido Mutual Water Company	Res. E-852 (6-7-54)
b. Southern California Edison Company	Dec. 46461 and 53734
c. California Electric Power Company	Dec. 46173
d. Imperial Irrigation District	Dec. 38802, 43923 and 48087

8. Applicant shall, at the time of making the new rates effective, amend and/or cancel rules in conflict with the schedules or provisions thereof authorized herein.

9. Application No. 39680 is reopened for receipt of additional evidence regarding fuel oil prices, and other cost changes before such Commissioner and/or Examiner at such time and place as may later be specified by notice from the Commission's Secretary.

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

Dated at San Francisco, California, this 21st day of October, 1958.

E. L. Fox
 President

D. E. Washburn

Matthew ...

Theodore ...

Commissioners

CONCURRING OPINION

I concur in the above opinion because I believe the over-all results to be within the zone of reasonableness.

I cannot concur, however, in the treatment accorded the reserve for deferred taxes accrued by use of accelerated depreciation for tax purposes for the years 1954-1957. The opinion credits to the tax account interest at the adopted rate of return on this reserve. The effect of this treatment is to eliminate from the rate base the assets acquired by the investment of the reserve. I find nothing whatever in the record to support or justify such treatment.

In this respect, the present decision apparently accepts as a precedent Decision No. 56967 in Pacific Gas and Electric's Application No. 38668. But in that case, also, the record was almost entirely lacking in evidence or argument which could provide any justification whatsoever for the treatment adopted by the Commission.

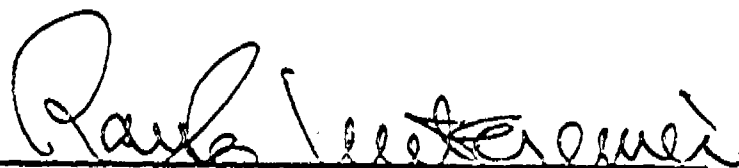
The Commission is currently engaged in an investigation on its own motion, Case No. 6148, to determine the treatment of accelerated amortization and depreciation for rate making purposes which will best serve the public interest. To prejudge that matter with respect to two utilities, as is done in this decision and in Decision No. 56967, on the basis of virtually nonexistent records, while the reserves established by other utilities under Sections 167 and/or 168 of the Internal Revenue Code are not charged interest and hence are not deducted from the rate base, appear to me to be arbitrary, capricious, and discriminatory. Should the Commission, on the basis of the record in Case No. 6148, ultimately determine that the treatment adopted in this instance is the proper treatment, it should be applied uniformly to all utilities which have availed themselves of the acceleration options. That will be the proper time to apply it to the present applicant. I can find no justification

A 39680
A 39681

2.

Concurring Opinion - cont.

whatever for applying such treatment to any single utility before the full facts are before the Commission and a valid decision, applicable to all alike, is reached on the basis of an adequate record.



Ray E. Underreiner
Commissioner

APPENDIX A
Page 1 of 12

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

SCHEDULE A-1

- (a) Delete wording under TERRITORY and insert as follows:

Within the Greater Metropolitan Rate Area.

Rate Areas are listed in the Index of Rate Area Maps.

- (b) Insert the following rates:

SINGLE PHASE SERVICE

Customer Charge

65¢

Energy Charge

First 100 kwhr	4.2¢ per kwhr
Next 400 kwhr	3.4¢ per kwhr
Next 1,000 kwhr	2.9¢ per kwhr
Next 1,500 kwhr	2.4¢ per kwhr
Next 2,000 kwhr	1.8¢ per kwhr
Next 100 kwhr. per kw	1.8¢ per kwhr
Next 100 kwhr per kw	1.4¢ per kwhr
Next 100 kwhr. per kw	1.1¢ per kwhr
All excess kwhr	0.9¢ per kwhr

POLYPHASE SERVICE

Delete "40 cents" and insert "44 cents". Delete "\$1.00 per month" and insert "\$1.10 per month". Delete "\$1.00" and insert "\$1.10".

Minimum Charge:

- (1) Delete "50¢ per month" and insert "55¢ per month".
- (2) Delete "\$1.00 per month" and insert "\$1.10 per month".

- (c) Under SPECIAL CONDITIONS revise as follows:

- (g) Delete "50 cents per month" and insert "55 cents per month".

SCHEDULES A-2, A-3, and A-4

GENERAL SERVICE

File new Schedules A-2, A-3, and A-4, identical with Schedule A-1 hereinabove ordered filed, except as follows:

- (a) Under TERRITORY insert as follows:

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On Schedule A-2:

Within the Rate Areas of:

Oceanside-Carlsbad
Escondido

Rate Areas are listed in the Index of Rate Area Maps.

On Schedule A-3:

Within the Rate Areas of:

Cardiff	Leucadia-Encinitas	San Ysidro
Del Mar	Ramona	Solana Beach
Fallbrook	San Clemente	South Laguna
Lakeside	San Juan Capistrano	Vista

Rate Areas are listed in the Index of Rate Area Maps.

On Schedule A-4:

Within the entire electric service area of the Company in which General Service Schedules A-1, A-2, and A-3 are not applicable.

(b) Insert the following rates:

	<u>A-2</u>	<u>A-3</u>	<u>A-4</u>
SINGLE PHASE SERVICE			
Customer Charge	75¢	85¢	95¢
Energy Charge			
First 100 kwhr	4.5¢	4.8¢	5.3¢
Next 400 kwhr	3.5¢	3.7¢	4.0¢
Next 1,000 kwhr	3.0¢	3.1¢	3.4¢
Next 1,500 kwhr	2.4¢	2.4¢	2.4¢
Next 2,000 kwhr	1.8¢	1.8¢	1.8¢
Next 100 kwhr per kw	1.8¢	1.8¢	1.8¢
Next 100 kwhr per kw	1.4¢	1.4¢	1.4¢
Next 100 kwhr per kw	1.1¢	1.1¢	1.1¢
All excess kwhr	0.9¢	0.9¢	0.9¢

(c) Cancel and withdraw present Schedule A-2.

SCHEDULE A-5

(a) Change designation of present Schedule A-3 to A-5.

(b) Insert the following rates:

Energy Charge:	<u>Per Month</u>
First 6,000 kwhr or less	\$163.00
For all excess over 6,000 kwhr	
First 100 kwhr per kw	1.82¢ per kwhr
Next 100 kwhr per kw	1.35¢ per kwhr
Next 100 kwhr per kw	0.92¢ per kwhr
All excess kwhr	0.75¢ per kwhr

Minimum Charge: Delete "\$150.00" and insert "\$163.00".
Delete "90 cents" and insert "95 cents".

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- (c) Under SPECIAL CONDITIONS revise as follows:
 - (f) Power Factor Adjustment. Delete "10 cents per kilovar" and insert "11 cents per kilovar".

SCHEDULE D-1

- (a) Delete wording under TERRITORY and insert as follows:
Within the Greater Metropolitan Rate Area.
Rate Areas are listed in the Index of Rate Area Maps.

- (b) Insert the following rates:

Customer Charge	65¢
Energy Charge	
First 40 kwhr	4.2¢ per kwhr
Next 60 kwhr	2.8¢ per kwhr
Next 100 kwhr	2.5¢ per kwhr
All excess kwhr	1.5¢ per kwhr

* Delete "1.2¢ per kwhr" and insert "1.3¢ per kwhr".

- (c) Under SPECIAL CONDITIONS revise as follows:
 - (c) Delete "1.2¢ per kwhr" and insert "1.3¢ per kwhr".

SCHEDULES D-2, D-3, and D-4

DOMESTIC SERVICE

File new Schedules D-2, D-3, and D-4, identical with Schedule D-1 hereinabove ordered filed, except as follows:

- (a) Under TERRITORY insert as follows:

On Schedule D-2:

Within the Rate Areas of:

Oceanside-Carlsbad
Escondido

Rate Areas are listed in the Index of Rate Area Maps.

On Schedule D-3:

Within the Rate Areas of:

Cardiff	Leucadia-Encinitas	San Ysidro
Del Mar	Ramona	Solana Beach
Fallbrook	San Clemente	South Laguna
Lakeside	San Juan Capistrano	Vista

Rate Areas are listed in the Index of Rate Area Maps.

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On Schedule D-4:

Within the entire electric service area of the Company in which Domestic Service Schedules D-1, D-2, and D-3 are not applicable.

(b) Insert the following rates:

	<u>D-2</u>	<u>D-3</u>	<u>D-4</u>
Customer Charge	75c	85c	95c
Energy Charge			
First 40 kwhr, per kwhr	4.5c	4.8c	5.3c
Next 60 kwhr, per kwhr	2.9c	3.1c	3.3c
Next 100 kwhr, per kwhr	2.5c	2.5c	2.6c
All excess kwhr, per kwhr	1.5c	1.5c	1.5c

*Delete "1.2c per kwhr" and insert "1.3c per kwhr".

(c) Cancel and withdraw present Schedule D-2.

SCHEDULE DE

No change authorized.

SCHEDULE H

(a) Insert the following rates:

Energy Charge:		
First 100 kwhr or less		\$4.02
Next 400 kwhr		3.36c per kwhr
Next 500 kwhr		2.26c per kwhr
All excess kwhr		1.72c per kwhr

Minimum Charges:	<u>Per Month</u>
Per kw of connected heating load	\$0.55
Per hp of connected other power load	1.10
The total minimum charge shall not be less than	4.02

SCHEDULE LS-1

(a) Insert the following rates:

<u>Lumens</u>	<u>Type</u>	<u>1-25 Lamps</u>	<u>26-100 Lamps</u>	<u>101-1000 Lamps</u>	<u>Over 1000 Lamps</u>
1,000	Incandescent	\$2.52	\$2.47	\$2.41	\$2.19
2,500	Incandescent	3.85	3.69	3.58	2.87
4,000	Incandescent	4.57	4.41	4.30	3.54
6,000	Incandescent	5.31	4.98	4.98	4.45
10,000	Incandescent	7.16	6.89	6.78	6.12
10,000	Sodium Vapor	7.68	7.12	6.87	6.87
20,000	Mercury Vapor	9.92	8.83	8.61	8.61

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- (b) Under SPECIAL CONDITIONS (d) insert the following rates:

	<u>Existing Installations</u>	<u>New Installations</u>
Center Suspension		
Mercury Vapor Lamps	\$2.18	\$2.18
All Other Lamps	0.27	2.18
Wood Pole in Non-Standard Position		
Mercury Vapor Lamps	1.09	1.09
All Other Lamps	-	1.09
Metal Pole	-	4.36

* Delete "the effective date of this schedule" and insert "August 12, 1955".

SCHEDULE LS-2

- (a) Delete wording under TERRITORY and insert as follows:

Within the entire territory served by the Company.

- (b) Insert the following rates:

- (A) Charge for Energy and Switching Only:

<u>Lumens</u>	<u>Type</u>	<u>All Night Std. Group</u>		<u>Midnight Std. Group</u>		<u>1:00 A.M. Std. Group</u>	
1,000	Incandescent	\$0.45	\$0.51	\$0.39	\$0.44	\$0.40	\$0.46
2,500	Incandescent	1.07	1.18	0.89	0.95	0.93	0.99
4,000	Incandescent	1.63	1.74	1.28	1.34	1.35	1.42
6,000	Incandescent	2.26	2.42	1.79	1.90	1.88	2.00
10,000	Incandescent	3.51	3.78	2.90	3.01	3.02	3.17
10,000	Mercury Vapor	2.24	-	-	-	-	-
15,000	Mercury Vapor	3.49	-	-	-	-	-
20,000	Mercury Vapor	3.49	-	-	-	-	-

- (B) Charge for Energy, Switching, and Limited Maintenance:

<u>Lumens</u>	<u>Type</u>	<u>All Night</u>	<u>Midnight</u>	<u>1:00 A.M.</u>
1,000	Incandescent	\$1.00	\$0.77	\$0.82
2,500	Incandescent	1.73	1.27	1.36
4,000	Incandescent	2.23	1.66	1.78
6,000	Incandescent	3.13	2.33	2.49
10,000	Incandescent	4.65	3.45	3.58
10,000	Mercury Vapor	3.98	-	-
15,000	Mercury Vapor	5.02	-	-
20,000	Mercury Vapor	5.56	-	-

- (c) Cancel and withdraw present Schedule LS-3 and transfer customers on said schedule to revised Schedule LS-2.

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- (a) Change designation of SCHEDULE P-1 to SCHEDULE P.
 (b) Insert the following rates:

Horsepower of Connected Load or Billing Demand*	SERVICE CHARGE \$ per hp Per Mo.	ENERGY CHARGE (c per kwhr) TO BE ADDED TO SERVICE CHARGE		
		First 100 kwhr Per hp per Mo.	Next 100 kwhr Per hp per Mo.	All excess kwhr Per hp per mo.
2 to 4.9	.86	2.66	1.58	1.15
5 to 14.9	.76	2.45	1.48	1.05
15 to 49.9	.59	2.23	1.37	0.94
50 to 99.9	.59	1.91	1.26	0.94
100 to 249.9	.54	1.69	1.15	0.94
250 to 499.9	.54	1.48	1.15	0.94
500 and over	.54	1.37	1.05	0.94

*See Special Condition (h)

Minimum Charge:

- (1) Delete "\$5.00 per month" and insert "\$5.40 per month".
 (2) Delete "\$50.00 per month" and insert "\$54.00 per month".

SCHEDULE PA

- (a) Insert the following rates:

Horsepower of Connected Load	SERVICE CHARGE \$ per hp Per Year	ENERGY CHARGE (c per kwhr) TO BE ADDED TO SERVICE CHARGE		
		First 1,000 kwhr per Hp per Year	Next 1,000 kwhr per Hp per Year	All excess Kwhr per Hp per Year
2 to 4.9	6.97	2.33	1.47	1.15
5 to 14.9	6.43	2.11	1.36	1.15
15 to 49.9	6.22	1.79	1.36	1.15
50 to 99.9	6.00	1.68	1.25	1.15
100 to 249.9	5.79	1.58	1.15	0.93
250 to 499.9	5.57	1.47	1.15	0.93
500 and over	5.36	1.36	1.04	0.93

Minimum Charge: Delete "\$19.50" and insert "\$20.90".

- (b) Delete from the rate form the words "IN ADDITION" and insert the words "TO BE ADDED".

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SCHEDULE PDC

- (a) Insert the following rates:

Energy Charge:	
First 100 kwhr	7.76¢ per kwhr
Next 400 kwhr	6.66¢ per kwhr
Next 500 kwhr	4.47¢ per kwhr
All excess kwhr	3.37¢ per kwhr

Minimum Charge: Delete "\$1.00" and insert "\$1.10".

SCHEDULE R

- (a) Revise rate form as follows and insert the following rates:

	Per Month	
<u>Demand Charge:</u>	<u>May-October</u>	<u>November-April</u>
First 100 kw or less of billing demand	\$155.00 per meter	\$165.00 per meter
Next 100 kw of billing demand	1.55 per kw	1.65 per kw
Next 300 kw of billing demand	1.01 per kw	1.11 per kw
Next 500 kw of billing demand	0.81 per kw	0.90 per kw
All excess kw of billing demand	0.70 per kw	0.78 per kw
 <u>Energy Charge (to be added to demand charge):</u>		
First 100 kwhr per kw of billing demand	1.28¢ per kwhr	
Next 100 kwhr per kw of billing demand	1.18¢ per kwhr	
Next 100 kwhr per kw of billing demand	1.06¢ per kwhr	
All excess kwhr	0.96¢ per kwhr	

- (b) Under Special Condition (d): Delete "10 cents per kilovar" and insert "11 cents per kilovar".

SCHEDULE S

- (a) Insert the following rates:

Stand-by Charge:	
First 20 kw or less	\$55.00 per meter
All excess kw	2.20 per kw

SCHEDULE SE

- (a) Change designation of present Schedule OC, Account Opening Charge, to Schedule SE, Service Establishment Charge, and delete words ELECTRIC SERVICE from title.
- (b) Under APPLICABILITY revise to read: Applicable to General Service and Domestic Service customers.

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(c) Under RATE revise to read: For each establishment, supersedure, or re-establishment of electric service. \$1.50

(d) Revise Special Condition (a) to read as follows:

The service establishment charge provided for herein is in addition to the charges calculated in accordance with the applicable schedule and will be made each time an account is opened, including a turn on or reconnection of electric service or a change of name which requires a meter reading.

(e) Revise Special Condition (b) to read as follows:

In case the customer requests that electric service be turned on or reconnected outside of regular business hours, or within four hours after his request, an additional charge of \$1.50 will be made.

(f) Revise Special Condition (c) to read as follows:

In the event completion of an order for opening an account for both gas and electric service is requested simultaneously by the customer, the charges set forth above will be reduced by 40%.

SCHEDULE E

No change authorized.

OTHER TARIFF CHANGES

1. Wherever there is a reference to "Rules and Regulations" on applicant's tariff sheets, the words "and Regulations" shall be deleted.
2. Insert on Title Page as follows:

Operating in
San Diego and Orange Counties
California

The following tariff schedules have been regularly filed with the Public Utilities Commission of the State of California and are the effective rates and rules of this Company.

The Public Utilities Commission may amend or cancel these rates and rules by formal procedure and the Company may amend or withdraw them after application to the Commission and receipt of authority for such action.

No officer, inspector, solicitor, agent or employee of the Company has any authority to waive, alter or amend these tariff schedules or any part thereof in any respect, except in the manner provided above.

Applicants for service and customers must conform to and comply with these tariff schedules.

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3. Revise Preliminary Statement as follows:

- (a) Delete first paragraph.
- (b) Delete wording under Territory Served and insert as follows:

San Diego Gas & Electric Company supplies electric service in approximately 85% of San Diego County, California, and a small portion of Orange County, California, as more fully described on the Map of Territory Served.

The territory in which each schedule is applicable is more specifically described on the schedule and on the Rate Area maps for General Service and Domestic electric service.

- (c) Delete wording under Description of Service and transfer the substance of Sections (a), (b), (c), and (d) to Rule No. 2. Insert under Description of Service as follows:

Detailed description of service is given under Rule No. 2.

- (d) Delete last two sentences under Procedure to Obtain Service and insert in their place as follows:

Where an extension of the Company's lines is necessary or a substantial investment is required to supply service, applicant will be informed as to the conditions under which service will be supplied. A copy of the application form is filed under Standard Forms in these tariffs.

- (e) Delete wording under Establishment of Credit and Deposits and insert as follows:

A. Establishment of credit

Credit may be established as provided in Rule No. 6 by one of the following:

1. Ownership or premises.
2. Cash deposit.
3. Satisfactory guarantee.
4. Previous prompt payment of bills for 12 months prior to date of application.

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B. Deposits

Where credit is not otherwise established, deposit will be required in amounts as set forth in Rule No. 7.

- (f) Under Section 5, General, delete all of Subsection (a) and insert as follows:

- (a) Measurement: Measurement will be made by use of standard electric meters furnished by the Company.

Add to Subsection (b) the words: "except as provided in Schedule DE".

Delete all of Subsection (c).

Delete all of Subsection (f) Definition of Premises, and transfer same to new Rule No. 1, Definitions.

4. File an Index of Rate Area Maps and appropriate maps, to follow the Preliminary Statement in the tariff book, as follows:

INDEX OF RATE AREA MAPS

	<u>Map No.</u>
Territory Served	*
<u>Rate Areas and Communities</u>	
<u>Zone No. 1</u>	
Greater Metropolitan Rate Area	*
Bostonia	
Castle Park	
Chula Vista	
Coronado	
El Cajon	
Grossmont	
Imperial Beach	
La Mesa	
Lemon Grove	
Lincoln Acres	
National City	
Otay	
San Diego	
Spring Valley	

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<u>Zone No. 2</u>	<u>Map No.</u>
Oceanside- Carlsbad Rate Area	*
Escondido Rate Area	*
<u>Zone No. 3</u>	
Cardiff Rate Area	*
Del Mar Rate Area	*
Fallbrook Rate Area	*
Lakeside Rate Area	*
Leucadia-Encinitas Rate Area	*
Ramona Rate Area	*
San Clemente Rate Area	*
San Juan Capistrano Rate Area	*
San Ysidro Rate Area	*
Solana Beach Rate Area	*
South Laguna Rate Area	*
Vista Rate Area	*

Zone No. 4

Within all territory in the electric service area of the Company not covered by Zones 1, 2 or 3, including the communities of:

Alpine	Jamul	Rancho Santa Fe
Bonita	Julian	San Luis Rey
Bonsall	Pala	San Marcos
Borrego Springs	Palomar Mountain	Santa Ysabel
Capistrano Beach	Pauma Valley	Santee
Dana Point	Pine Valley	Sunnyside
Descanso	Potrero	Tecate
Dulzura	Poway	Valley Center
Guatay	Ranchita	Warner Springs

* Insert Map Numbers.

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5. Revise Rules as follows:

- (a) Remove all reference to prior operating companies and insert company title in place thereof.
- (b) Remove all reference to Railroad Commission and insert proper Commission title in place thereof.
- (c) Cancel present Rule No. 1, Notice of Filing of Rules and Regulations, and file new Rule No. 1, Definitions. Transfer Section 5(f), Definition of Premises, to this new Rule No. 1, which will then contain this definition only.
- (d) Insert in Rule No. 2 the substance of Sections 5(a), (b), (c), (d) from present Preliminary Statement.
- (e) Delete from Rule No. 5(c) the information to be contained on all bills for electric service, except postcard bills, and insert as follows:

"THIS BILL IS DUE AND PAYABLE UPON PRESENTATION"

"Should you question this bill please request an explanation from the Company. If you thereafter believe you have been billed incorrectly, the amount of the bill should be deposited with the California Public Utilities Commission, Mirror Building, 145 South Spring Street, Los Angeles 12, to avoid discontinuance of service. Make remittance payable to the California Public Utilities Commission and attach the bill and a statement supporting your belief that the bill is not correct. The Commission will review the basis of the billed amount and make disbursement in accordance with its findings."

APPENDIX B

LIST OF APPEARANCES

For Applicant: Chickering & Gregory by Sherman Chickering and C. Hayden Ames.

Protestants: City of National City by Robert O. Curran, James A. Bird and C. T. Mess; City of Escondido by Russell G. Taliaferro; City of Imperial Beach by John F. O'Laughlin; Mountain Empire Electric Cooperative, Inc., by John Coker and John F. O'Laughlin; Vista Irrigation District by Glenn E. Wright by Robert E. Kronmeyer.

Interested Parties: City of San Diego by Frederick B. Holoboff and Clarence A. Winder; County of San Diego by James Don Keller, Bernard L. Lewis, Samuel S. Bloom and Jean L. Vincenz; California Manufacturers Association by Brobeck, Phleger & Harrison by Robert N. Lowry; Southern California Edison Company by Rollin E. Woodbury, C. Robert Simpson, Jr., and Earl R. Sample; California Farm Bureau Federation by Bert Buzzini; Perfectionaire Manufacturing Company by Henry E. Walker; City of Chula Vista by Manuel L. Kugler; W. D. MacKay, Commercial Utility Service, for Challenge Cream Butter Association, U. S. Grant Hotel, Piggly Wiggly of San Diego and Chamber of Commerce of Solana Beach; City of Escondido by Russell G. Taliaferro; Mountain Empire Electric Cooperative, Inc., by John Coker and John F. O'Laughlin; College Grove Center by Newlin, Tackabury & Johnston by George W. Tackabury; City of El Cajon and Chamber of Commerce of El Cajon by Donald W. Smith and F. Joseph Doerr; City of Oceanside by Dale Austin and Bruce Smith; Department of Defense and other Executive Agencies of the United States by Harold Gold, Reuben Lozner and Clyde F. Carroll; City of La Mesa by Gilbert Hareison.

Commission Staff: R. T. Perry, W. R. Roche and Theodore Stein.

LIST OF WITNESSES

Evidence was presented on behalf of the applicant by: E. D. Sherwin, H. G. Dillin, A. R. Cox, G. R. Gray, W. C. Mohler, John H. Woy, C. P. deJonge, L. R. Knerr, R. J. Phillips, H. A. Noble, and Louis J. Rice, Jr.

Evidence was presented on behalf of the protestants and interested parties by: George A. Scott, Phillip Lyon, Allen Elijah, Roderick R. Kirkwood, Robert G. Rogo, Paul M. Sapp, Arthur M. Dunstan, James K. MacIntosh, W. W. Eyers, Orville M. Spear, Clarence A. Winder, James A. Bird, and W. D. MacKay.

Evidence was presented on behalf of the Commission Staff by: David F. La Hue, Richard R. Entwistle, Louis W. Mendonsa, Robert C. Moeck, Leonard S. Patterson, and Robert W. Beardslee.