

PUBLIC UTILITIES ACT
OF CALIFORNIA.

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C. A. Miller

1912

Public Utilities Act of California

Introduction by President of Commission
Biographies of Commissioners
The Act and its Relations to the Public
Valuation of Public Utilities
Leading Railroad and Public Service Commissions
Constitutional Amendment No. 50
Constitutional Amendment No. 6
Constitutional Amendment No. 47
Public Utilities Election Act
Public Utilities Act
Rules of Practice and Procedure of Commission

COMPILED BY
EUGENE R. HALLETT, MANAGER
LOUIS SLOSS & CO., Investment Securities
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Preface.

The passage of the "Public Utilities Act", which went into effect March 23rd, 1912, marked the beginning of a new era in the progress and development of the public service corporation in California. We have attempted to make this little book the genesis of public service commission history in this State. The introduction by President Eshelman outlines the attitude of the Commission toward the corporations under its jurisdiction. The chapter devoted to "The Act and Its Relation to the Public", by Commissioner Thelan, who is also attorney for the Commission, outlines some of the things which the Commission expects to accomplish in bringing about cheaper and better service for the public. The views of these two men, who have perhaps been the most instrumental in placing this Act on the statute books, are of particular interest as indicating the future policy of the Commission.

The fundamental element in determining the cost of service is physical valuation of property. Through the courtesy of the local manager of one of the largest engineering corporations in the United States, we are enabled to include a chapter showing the thoroughness and exactness of such a valuation when the work is done by modern, scientific methods. This firm is now making complete physical valuations of the properties of the Spring Valley Water Co., Pacific Gas & Electric Co., Pacific Light and Power Corporation, San Joaquin Light and Power Corporation, and a number of other public service corporations in California and elsewhere. As the securities of these corporations held in California amount in value to millions of dollars, we considered the methods used in ascertaining the physical valuations of their properties would be of much interest to the readers of this book.

We devote a chapter to Commissioner Thelan's report entitled "Leading Railroad and Public Service Commissions of the United States", as it was largely upon the information contained in this report and the recommendations which accompanied it that the Act

was drawn. The discussions therein not only show the trend of public service commission legislation in the various States, but also the theory on which much of this legislation is based.

For convenience as a book of reference, the "Public Utilities Act" has been carefully annotated and indexed, and the important sections relating to the issuance of securities have been set in black-face type. The volume has been compiled for distribution by the Statistical Department of LOUIS SLOSS & Co. in an endeavor to provide a work of interest to the busy corporation official and the student of public service corporation legislation as well, and to further disseminate among investors, both institutional and private, a larger knowledge of the fundamental principles underlying this recent legislation and by so doing to develop a keener appreciation of the added elements of safety and strength back of the stocks and bonds of California public service corporations which come under the jurisdiction of this Act.

EUGENE R. HALLETT.

March 25th, 1912.

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Senate Constitutional Amendment No. 47.

A RESOLUTION PROPOSING TO THE PEOPLE OF THE STATE OF CALIFORNIA AN AMENDMENT TO SECTION TWENTY-THREE OF ARTICLE TWELVE OF THE CONSTITUTION OF THE STATE OF CALIFORNIA, TO CONFER UPON THE RAILROAD COMMISSION POWER AND JURISDICTION TO REGULATE AND CONTROL THE BUSINESS OF FURNISHING CERTAIN COMMODITIES AND PERFORMING CERTAIN SERVICES TO OR FOR THE PUBLIC.

[Adopted March 28, 1911.]

The Legislature of the State of California, at its regular session, commencing on the second day of January, one thousand nine hundred and eleven, two-thirds of all the members elected to each of the two houses of said Legislature voting in favor thereof, hereby proposes to the people of the State of California that Section 23 of Article 12 of the Constitution of the State of California be amended so as to read as follows:

SEC. 23. Every private corporation, and every individual or association of individuals, owning, operating, managing, or controlling any commercial railroad, interurban railroad, street railroad, canal, pipe line, plant, or equipment, or any part of such railroad, canal, pipe line, plant or equipment within this state, for the transportation or conveyance of passengers, or express matter, or freight of any kind, including crude oil, or for the transmission of telephone or telegraph messages, or for the production, generation, transmission, delivery or furnishing of heat, light, water or power or for the furnishing of storage or wharfage facilities, either directly or indirectly, to or for the public, and every common carrier, is hereby declared to be a public utility subject to such control and regulation by the railroad commission as may be provided by the legislature, and every class of private corporations, individuals, or

*Public Utilities
defined by
constitutional
amendment and
placed under
control of
Commission.*

associations of individuals hereafter declared by the legislature to be public utilities shall likewise be subject to such control and regulation.

*Powers of
Commission
plenary.*

The railroad commission shall have and exercise such power and jurisdiction to supervise and regulate public utilities, in the State of California, and to fix the rates to be charged for commodities furnished, or services rendered by public utilities as shall be conferred upon it by the legislature, and the right of the legislature to confer powers upon the railroad commission respecting public utilities is hereby declared to be plenary and to be unlimited by any provision of this constitution.

*Powers
respecting public
utilities vested
in Board of
Supervisors to
cease.*

From and after the passage by the legislature of laws conferring powers upon the railroad commission respecting public utilities, all powers respecting such public utilities vested in boards of supervisors, or municipal councils, or other governing bodies of the several counties, cities and counties, cities and towns, in this state, or in any commission created by law and existing at the time of the passage of such laws, shall cease so far as such powers shall conflict with the powers so conferred upon the railroad commission; *provided, however*, that this section shall not affect such powers of control over any public utility vested in any city and county, or incorporated city or town as, at an election to be held pursuant to laws to be passed hereafter by the legislature, a majority of the qualified electors voting thereon of such city and county, or incorporated city or town, shall vote to retain, and until such election such powers shall continue unimpaired; but if the vote so taken shall not favor the continuation of such powers they shall thereafter vest in the railroad commission as provided by law; *and provided, further* that where any such city and county or incorporated city or town shall have elected to continue any powers respecting public utilities, it may, by a vote of a majority of its qualified electors voting thereon, thereafter surrender such powers to the railroad commission in the manner to be prescribed by the legislature; or if such municipal corporation shall have surrendered any powers to the railroad commission, it may, by like vote, thereafter reinvest itself with such power.

*Procedure
under which
municipalities
may retain
control.*

Nothing in this section shall be construed as a limitation upon any power conferred upon the railroad commission by any provision of this constitution now existing or adopted concurrently herewith.