

PUBLIC SERVICE
COMMISSION
of
WISCONSIN

BIENNIAL REPORT

July 1, 1956 to June 30, 1958

George P. Steinmetz
Chairman

Arthur L. Padrutt
Commissioner

Edmund J. Krawczyk
Commissioner

Edward T. Kaveny
Secretary

FOREWORD

The attached report is an outline of the work of the Public Service Commission of Wisconsin from July 1, 1956 to June 30, 1958.

The report covers the transactions of the Commission for the two preceding fiscal years and contains information in respect to matters under the Commission's charge which it deems proper to submit, in compliance with section 195.03, Wisconsin Statutes.

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Madison, Wisconsin
December 1, 1958

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INTRODUCTION

The Public Service Commission is a REGULATORY BODY. The dynamics of Commission action lies in its applying statutory principles to particular situations, many factors of which are beyond its control.

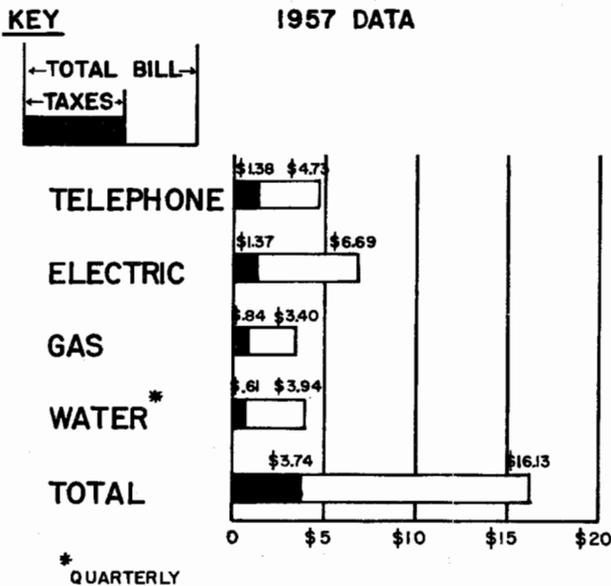
Regulation is to some degree affected by circumstances (including even the weather) which are not within the Commission's jurisdiction. Rainfall, for instance: If it is less than normal, hydroelectric generation decreases and the expenses of electric utilities go up when they must buy more coal to produce kilowatt-hours by steam. Also, during a drouth, the rising demand for water for irrigation frequently conflicts with the intensified problem of maintaining stream flow to preserve fish habitat.

Obviously, too, the Commission cannot control taxes or the prevailing levels of wages and prices of materials, yet they constitute important elements in the cost of furnishing utility and transportation services, costs which can be met only out of rates or fares charged consumers of such services.

TAXES INCLUDED IN TYPICAL UTILITY BILLS OF MADISON HOMES

EXPENSES -- RATES

Taxes



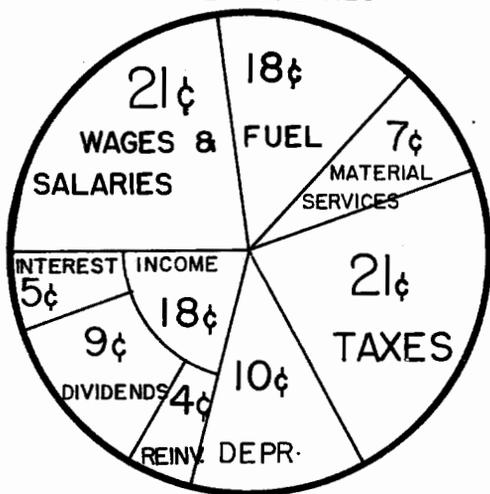
Consider, for example, taxes. Tax rates are enacted by Congress and the Wisconsin Legislature, not the Public Service Commission. They are as inevitable an expense for utilities and transportation companies as for private individuals, and must be considered in the revenue requirement. To authorize a rate increase is to broaden the tax base which is to require yet again more income to cover the resultant tax increase.

Because of state and federal taxes, it is necessary

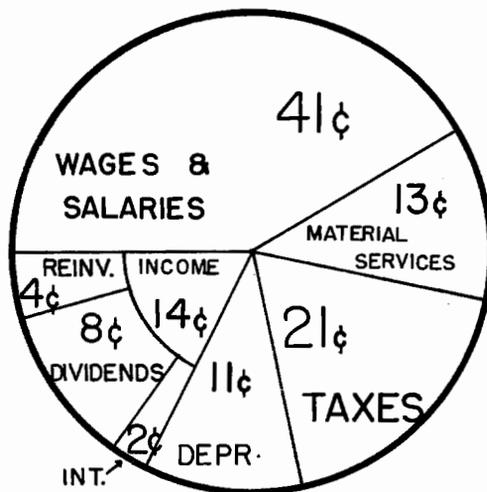
THE UTILITY REVENUE DOLLAR

1957 DATA

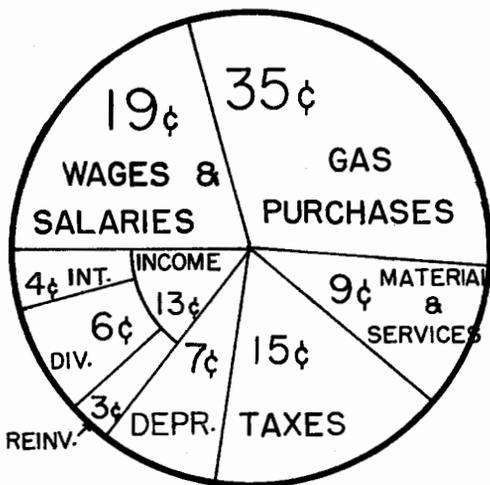
ELECTRICITY PRIVATE UTILITIES



TELEPHONE

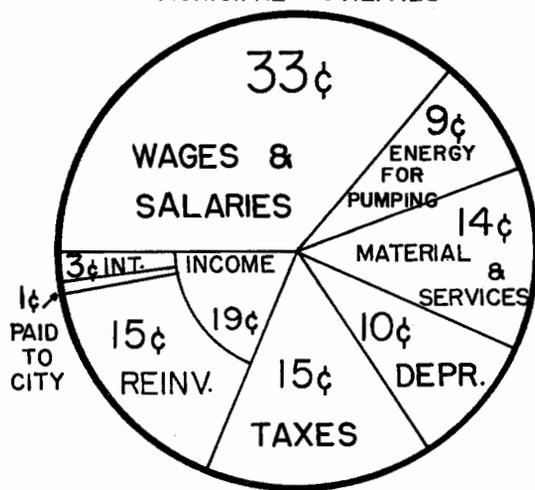


GAS



WATER

MUNICIPAL UTILITIES



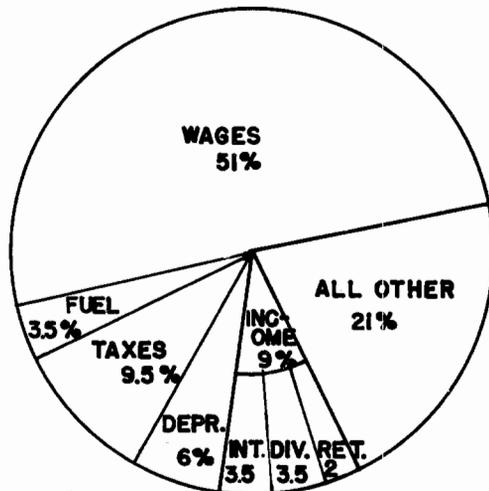
to collect an additional \$2.60 from a telephone subscriber of a large company to provide \$1 net increased income to the company.

The federal Highway Bill, effective July 1, 1956, includes a new tax on trucks having a gross weight exceeding 26,000 pounds, an increased tax on tires, tubes, and recap rubber, an additional excise tax on new vehicles, and a motor fuel tax increase of one cent a gallon, all of which add to motor freight operating expense and, ultimately, to rates.

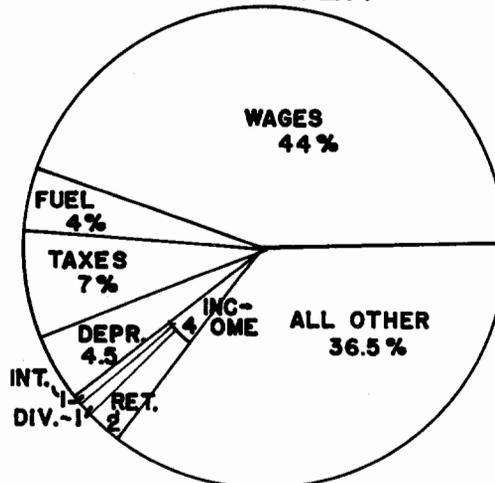
On the other hand, by enacting Chapter 240, Laws of 1955, the Wisconsin Legislature sought to ameliorate the plight of urban mass transportation of passengers by exempting such carriers from certain fees and taxes and by reducing their income tax liability until a specified net income is reached.

THE TRANSPORTATION REVENUE DOLLAR 1957 DATA

RAILROAD



COMMON MOTOR CARRIER



Wages - Labor

In considering wages, the following brief tabulations show the steadily rising cost of labor as it impinges on those utility and transportation enterprises where, it being a considerable portion of their operating expense, changes in wages have the most immediate and forceful effect:

Wisconsin Telephone Companies
Average Hourly Pay of
Nonsupervisory Workers

Year	Hourly compensation
1950	\$1.32
1955	1.77
1957	1.97

Intrastate Common Motor Carriers
of Property
Average Wage of Maintenance
and Transportation Employees

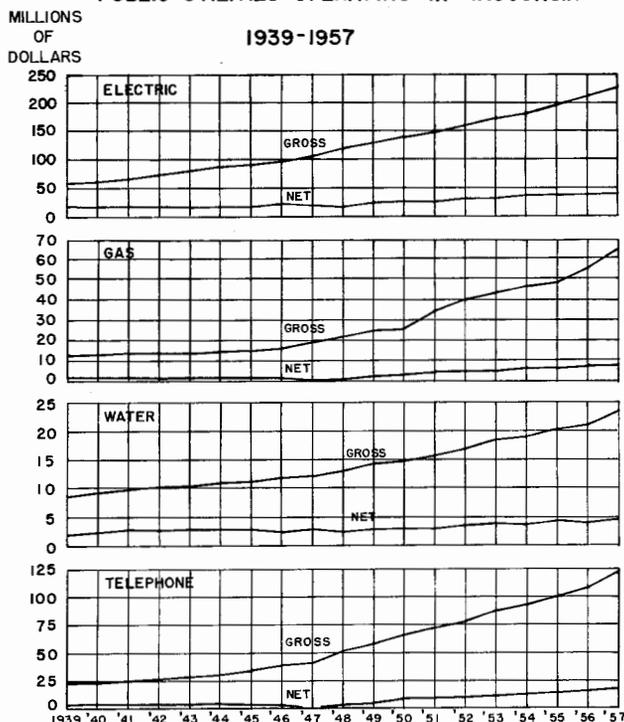
Year	Average Hourly wage
1950	\$1.6310
1955	2.3486
1957	2.5933

All Railroad Employees
Average Straight-time
Hourly Compensation

Year	Hourly compensation
1950	\$1.57
1955	1.965
1957	2.285
1958	2.430

(5 months)

GROSS AND NET OPERATING REVENUES
PUBLIC UTILITIES OPERATING IN WISCONSIN



Material - Prices

Higher prices for materials and services naturally enter into the establishment of every "reasonable and just" rate or fare.

A relatively stable net income can be maintained only by mounting gross incomes.

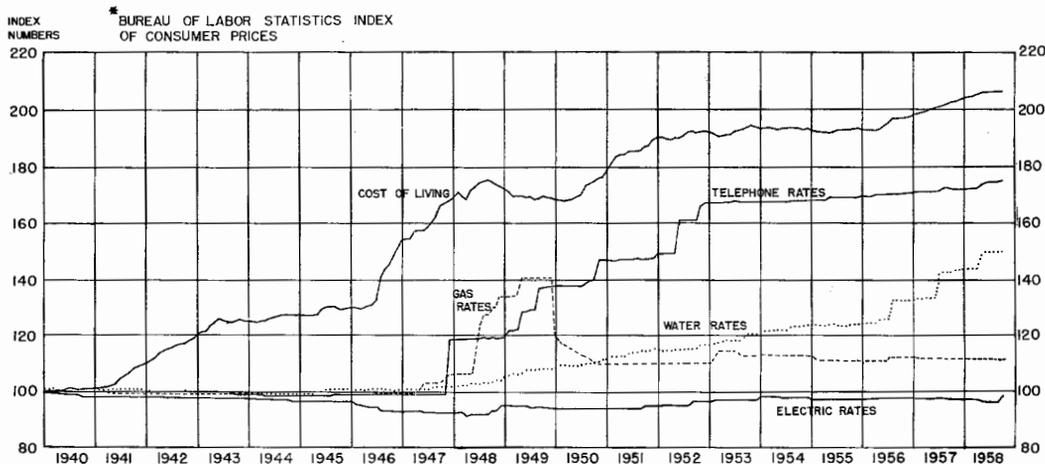
SUPPLY and DEMAND

UTILITIES

Wages and prices are by no means the only ascending items on the graph of "These Changing Times."

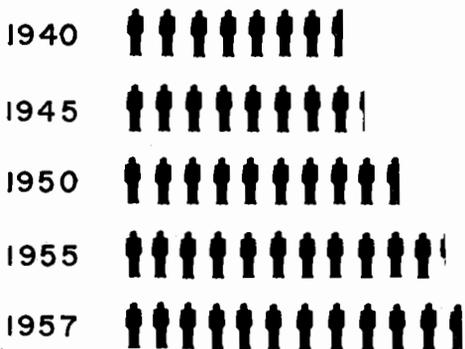
More customers want more service. This accelerating demand calls for additions to plant which increase the rate base, depreciation allowances, and certain taxes.

INDEX NUMBERS OF PUBLIC UTILITY RATES IN WISCONSIN AND COST OF LIVING (U.S)* DECEMBER 1939=100



ELECTRIC UTILITY CUSTOMERS IN WISCONSIN 1940-1957

1 SYMBOL = 100,000 CUSTOMERS



Electric Utilities

Electric rates are lower than in 1939. Electric utilities operate advantageously under mass production and large volume conditions such as are now characteristic of power production and use in Wisconsin.

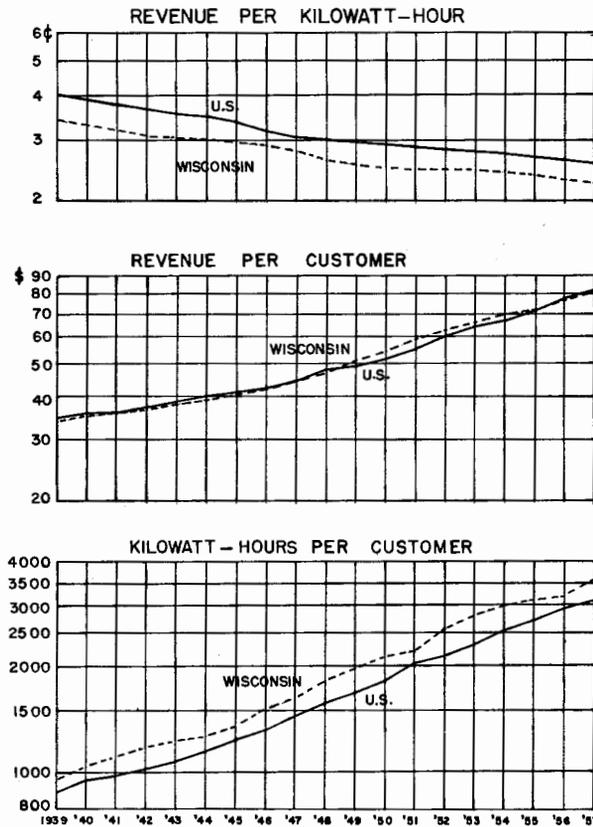
Of the \$108,718,268 power construction and installation authorized during the biennium, the

largest project was the fifth steam-electric turbine unit of Wisconsin Electric Power Company's Oak Creek plant. The unit is estimated to cost \$39,546,000.

ELECTRIC RESIDENTIAL REVENUE and CONSUMPTION RATIOS

WISCONSIN and UNITED STATES 1939-57

(Ratio Scale)

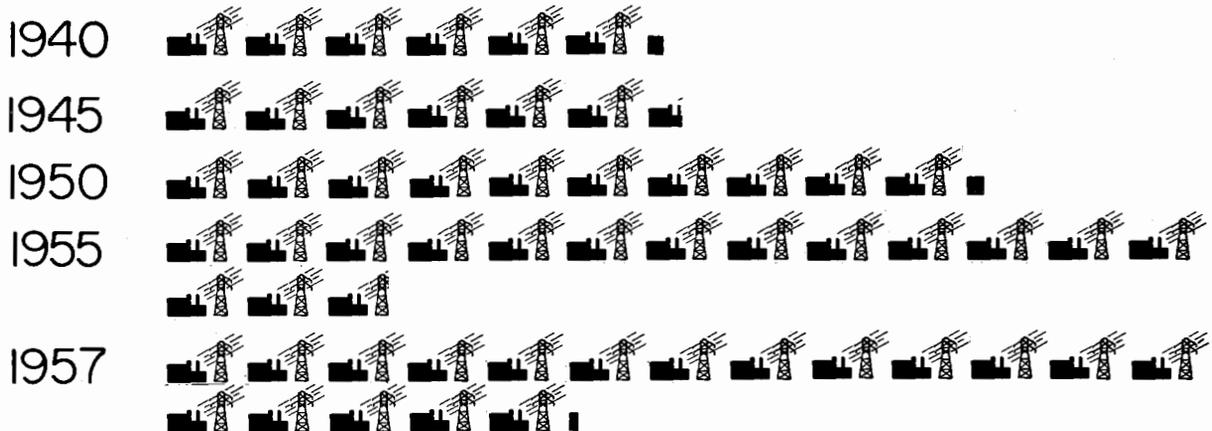


The three new generating units authorized in this biennium are steam electric generating plant using coal as the primary fuel. Because of the high cost of fuel oil, diesel-electric generation, formerly an important source of energy for a number of municipal utilities, has decreased to a role of minor importance. Several municipalities have interconnected with large

ELECTRIC PLANT IN SERVICE IN WISCONSIN

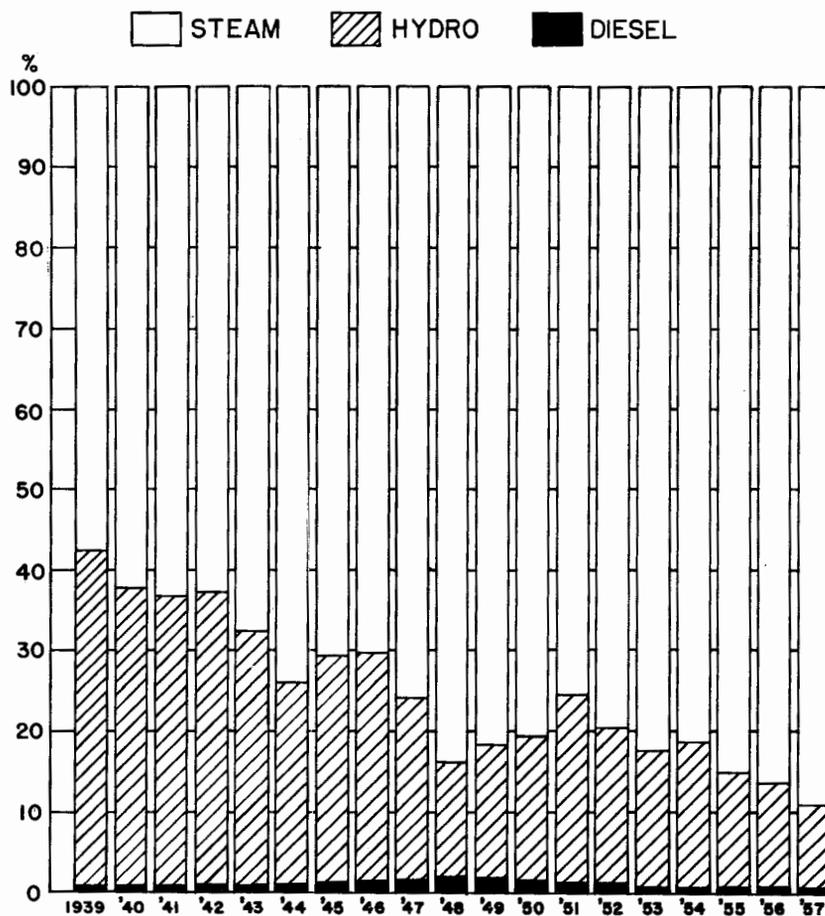
1940 - 1957

1 SYMBOL = \$50 MILLIONS



DATA REFERS TO ELECTRIC PUBLIC UTILITIES

KILOWATT HOURS GENERATED BY UTILITIES IN WISCONSIN
PERCENTAGE DISTRIBUTION BY TYPE OF GENERATION
1939 - 1957

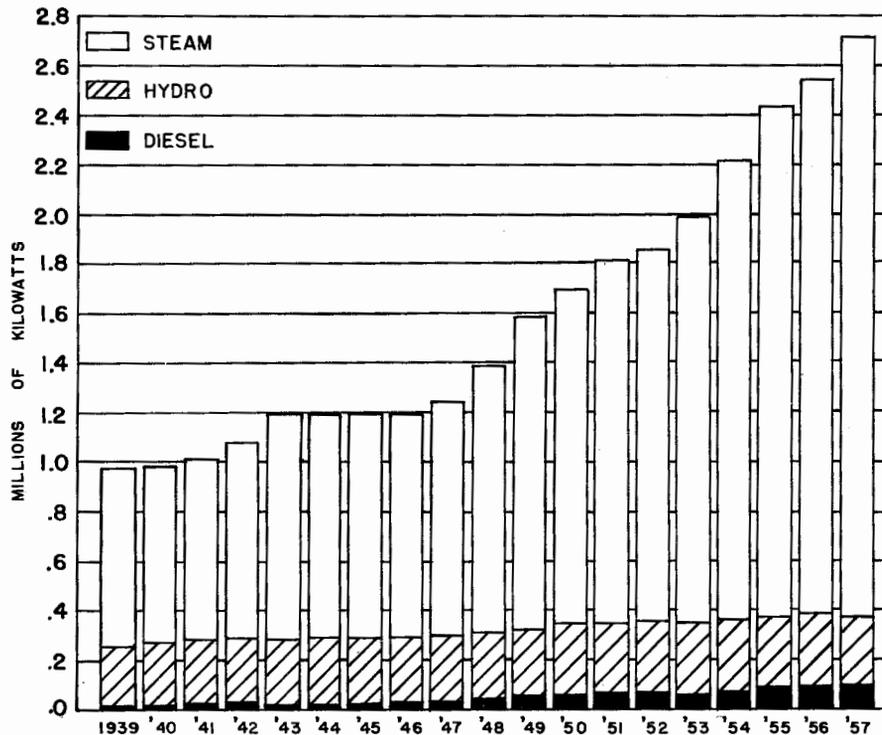


utilities or electric cooperatives, purchasing off-peak energy at a relatively low cost and using diesels during peak hours.

Interconnections have assumed greater importance in improving continuity of service and have proven extremely helpful in some instances of unexpected simultaneous outage of several large generating units. The more obvious interconnections have been constructed, but four more were completed during the biennium and one is being materially increased in capacity by a parallel transmission line.

ELECTRIC GENERATING CAPACITY OF UTILITIES IN WISCONSIN

1939 — 1957



While no atomic plants are contemplated in Wisconsin, all major electric utilities are associated in some way with atomic plants under construction or being planned in nearby states.

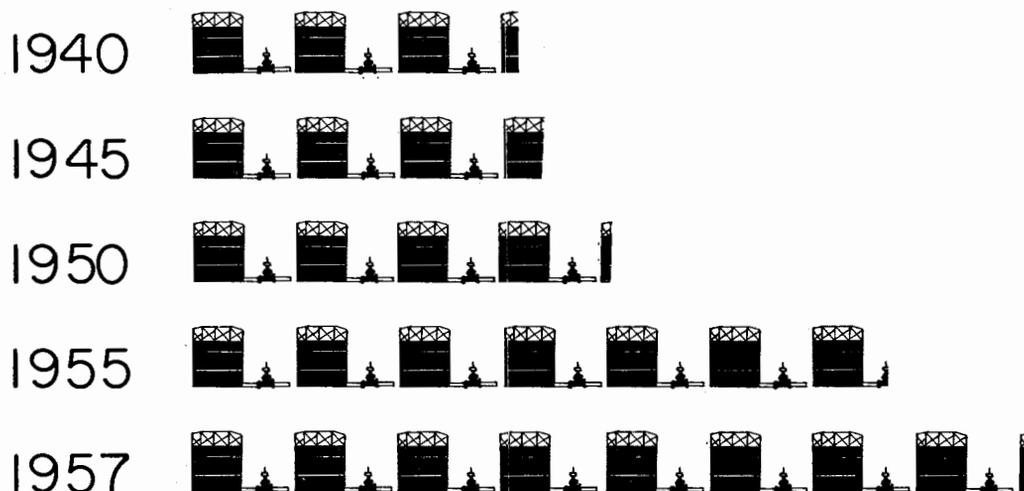
Now pending in Dane County Circuit Court is the first case in court under section 196.495, Statutes, involving a dispute between electric public utilities and cooperatives as to which should serve in infringed territory. (Pierce-Pepin Electric Cooperative and Spring Valley Joint School District No. 1, Districts of Gilman, Spring Lake, Rock Elm, and El Paso in Pierce County and Cady in St. Croix County vs. P. S. C. of Wis.)

Gas Utilities - Plant

Most of the \$3,996,925 gas plant construction authorized during the biennium is for natural gas mains, though peak shaving and standby facilities have been enlarged. One new utility was formed to serve portions of Outagamie County.

GAS PLANT IN SERVICE IN WISCONSIN 1940 - 1957

1 SYMBOL = \$20 MILLIONS



DATA REFERS TO GAS PUBLIC UTILITIES

GAS UTILITY CUSTOMERS IN WISCONSIN
1940 - 1957

1 SYMBOL = 50,000 CUSTOMERS



Natural Gas - Rates Supply

The chronic shortage in supply of natural gas which has plagued Wisconsin for many years persisted during the biennium. Neither Michigan-Wisconsin Pipe Line Company nor Natural Gas Pipeline Company of America has been able to meet the demands of their customer companies in

Wisconsin. It has been necessary for all of the customer utilities to maintain restrictions on the number of space-heating customers served, and on the connection of industrial gas loads. During the biennium there was some easing of the restrictions on space-heating customers, but rationing still continues.

In the previous Biennial Report reference was made to the application by Midwestern Gas Transmission Company to build a major natural gas pipeline into and through the state of Wisconsin. As was anticipated at the time, this application resulted in prolonged and bitterly contested hearings before the Federal Power Commission, which were concluded on October 14 and 15, 1958.

On October 31, the Federal Power Commission issued its decision relative to the applications of Midwestern, Northern Natural Gas, and Michigan-Wisconsin Pipe Line Companies. The FPC denied a certificate to Midwestern. Among the grounds listed in support of the denial were:

- (1) Lack of an assured and adequate supply of gas from Canadian sources
- (2) A serious question as to the financial feasibility of the proposal
- (3) Certain questions of the physical feasibility of Midwestern's proposed plan of operation.

In the same decision, the FPC affirmed previous intermediate decisions of the presiding examiner denying certificates to Northern Natural and Michigan-Wisconsin to serve areas which were competitive with Midwestern. At the same time the FPC, in effect, issued invitations to the several applicants to file revised applications to provide service in Wisconsin and other affected areas, and if possible, to work out arrangements to avoid a repetition of competitive applications and the attendant prolonged hearings.

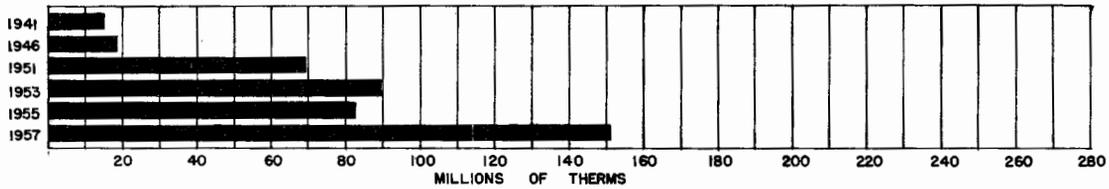
The successive increases in rates by Michigan-Wisconsin from April 1, 1955 to date, and covering increases from 31.6¢ per Mcf. to 37.5¢ per Mcf. are still subject to final determination by either the Federal Power Commission or the federal courts. This situation has compounded the difficulties encountered by the Public Service Commission of Wisconsin in trying to prescribe just and reasonable retail rates charged by Wisconsin gas distributing utilities. However, to protect the interest of the consumers, each gas distribution utility has been put on notice by this Commission that if and when any refunds are made by Michigan-Wisconsin pursuant to order of the FPC, such refunds are to be passed on directly to ultimate consumers of natural gas.

The Wisconsin Commission has been an active intervenor in several rate proceedings before the FPC involving Natural Gas Pipeline Company of America. This natural gas transmission company furnishes service at wholesale to Wisconsin Southern Gas Company at the Wisconsin-Illinois state line. Following the decision of the U. S. Circuit Court of Appeals in the so-called

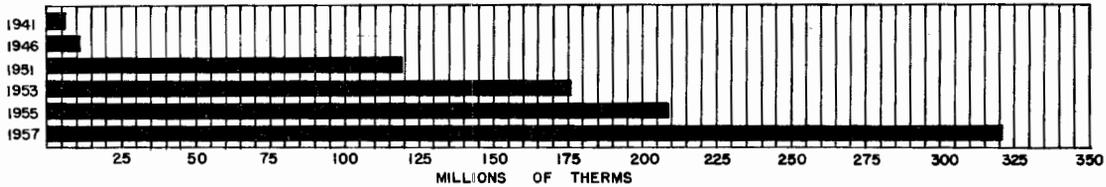
Memphis case, the pipeline company sought to settle its various rate cases with its customer companies. The Wisconsin Commission, as an intervenor, participated in the negotiations which finally culminated in a stipulated agreement ultimately accepted by the FPC. The agreement provided for refunds to the customer companies, and a substantially lower rate than the company had previously sought to establish. In fact, the rate which was finally agreed upon was based on the cost principles which this Commission and other intervenors had sought to establish before the FPC.

WISCONSIN GAS UTILITIES

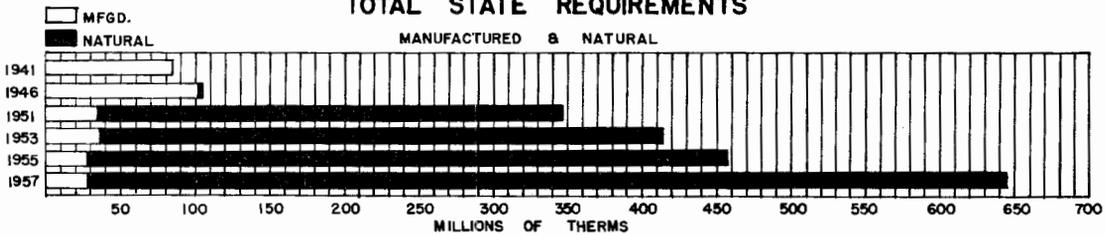
INDUSTRIAL USE



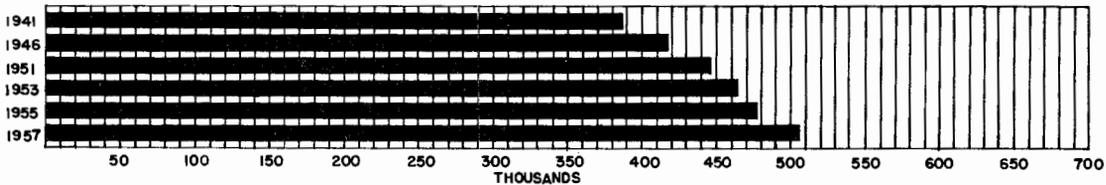
SPACE HEATING USE



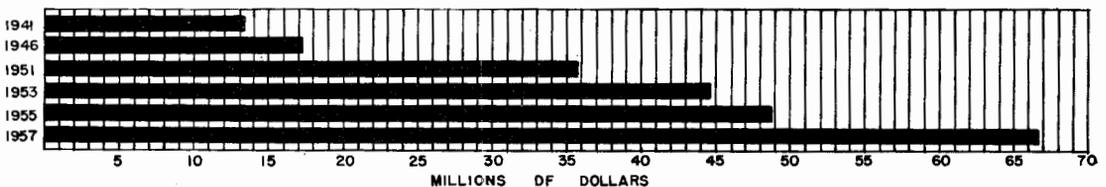
TOTAL STATE REQUIREMENTS



NUMBER OF CUSTOMERS



OPERATING REVENUES



During the biennium, the Wisconsin Commission took an active part in the now famous Phillips rate case before the FPC. This was the first and largest of the so-called producer cases before the Federal Power Commission. The taking of evidence and the filing of briefs was concluded early in 1958, and the initial decision of the trial examiner is now awaited. At stake are the rate increases proposed by Phillips, which if granted would practically double the revenues which Phillips receives from the sale of natural gas in interstate commerce. The proposed increase to Michigan-Wisconsin Pipe Line Company, the principal supplier of natural gas to Wisconsin companies, approximates \$15,000,000.

Renewed efforts by producers of natural gas to avoid federal regulation established by the Phillips decisions again came before Congress in the Harris-O'Hara bill in the House of Representatives. The State of Wisconsin and the Wisconsin Commission presented testimony in opposition to the proposed legislation before the House Committee on Interstate and Foreign Commerce. The Congressional session ended without the bill coming before the House. Renewed efforts for this or similar legislation are anticipated before the next session of Congress.

Telephone Utilities

Wage increases, and the plant construction involved in upgrading and expanding service, have necessitated numerous rate increases to cover utility costs. As a result of additional plant, the rate of return is on a larger rate base and depreciation expense is greater.

Modern requirements in communication have quickened the pace in service improvement and extension as well as changes in response to altered needs of customers.

The population trend to urban centers is principally to the suburbs and, to an even greater extent, to the farther-out fringes beyond the suburbs. Rural communities and villages are developing more and closer ties between themselves and nearby cities.

When the subscribers (or a majority of them) of one exchange have common social and economic interests, fire protection, schools, hospitals, and churches (ties communication should bind) within another exchange area, there is "community of interest."

For example, there arose a heavy demand for some form of telephone interexchange when a considerable group of people moved to an area in the Thiensville exchange from an area in a Wisconsin Telephone Company's Milwaukee exchange. The need for revised service between their former and their present

locations was met by two-way extended-area service between Thiensville and Milwaukee exchanges. It was necessary, of course, to increase rates to compensate the company for expense in establishing service and for loss of toll revenue.

A close community of interest must be demonstrated to avoid imposing a cost burden on all subscribers for a service used by a relatively few customers.

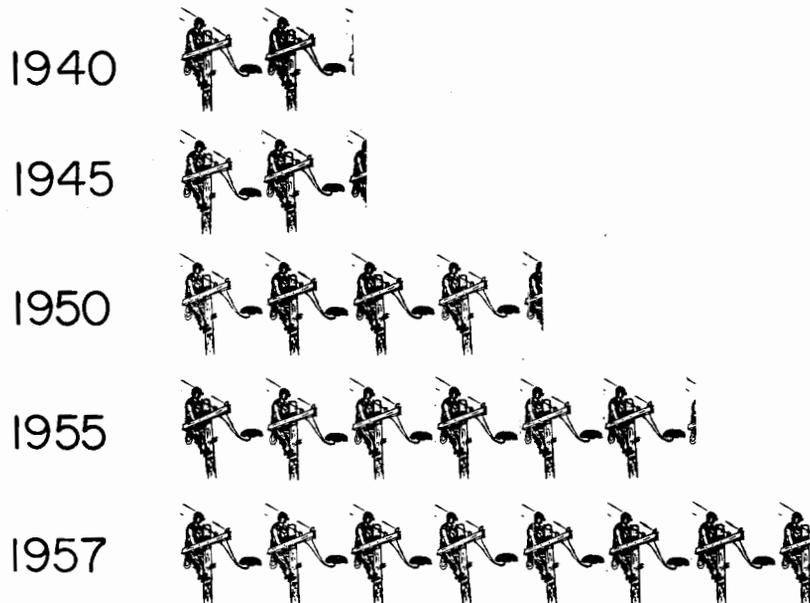
Extended-area Telephone
Service in Wisconsin

<u>Year</u>	<u>Percent of Exchanges with Extended-area Service to Toll Exchanges</u>
1950	45%
1955	50
1958	63

TELEPHONE PLANT IN SERVICE IN WISCONSIN

1940 - 1957

1 SYMBOL = \$50 MILLIONS



DATA REFERS TO TELEPHONE PUBLIC UTILITIES

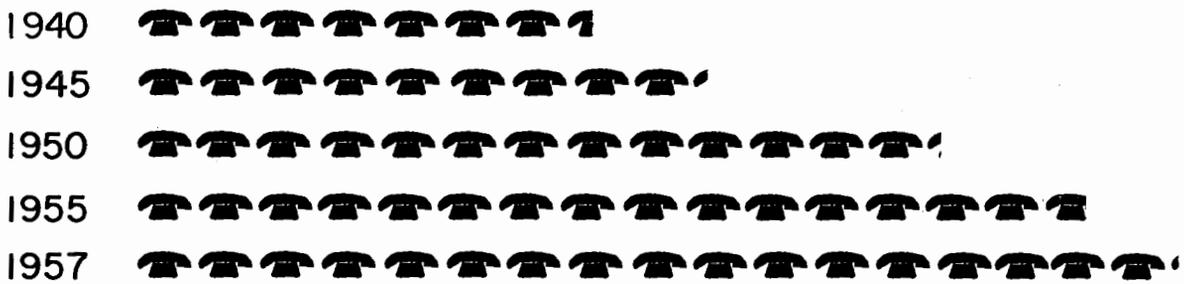
Improving and expanding service and conversion to dial call for large capital outlay by the telephone industry. It is estimated that the telephone plant installation program for the July 1, 1956--December 31, 1958 period will involve an investment by Wisconsin companies of around \$107,105,629.

The decline in the number of telephone companies has greatly accelerated in recent years.

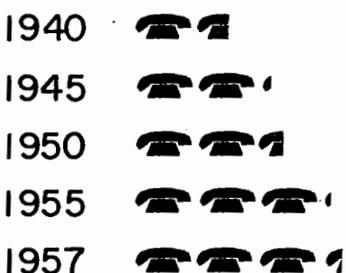
<u>Year</u>	<u>No. of companies</u>	<u>Year</u>	<u>No. of companies</u>
1938	769	1950	535
1940	746	1952	498
1942	732	1954	456
1944	720	1955	436
1946	710	1956	407
1948	601	1957	374

URBAN & RURAL MAIN TELEPHONES IN WISCONSIN
 1940-1957
 | SYMBOL = 50,000 TELEPHONES

URBAN



RURAL



In this biennium larger companies assumed the service obligations of many smaller companies which were unable to finance plant rehabilitation and maintenance or the changes and additions required by the trend to automatic dial operation and direct long distance dialling.

DIAL TELEPHONE SERVICE IN WISCONSIN

<u>Year</u>	<u>Percent of Dial Exchanges to Total Exchanges</u>	<u>Year</u>	<u>Percent of Dial Telephones to Total Telephones</u>
1950	26%	1950	67%
1955	38	1955	76
1958	55	1958	84

The disparity in favor of inter- over intrastate toll charges was drastically reduced by a July 24, 1957 order authorizing decreased intrastate toll rates. This reduction results, in part, from the use of a revised method of allocating joint plant and expenses between inter- and intrastate toll service.

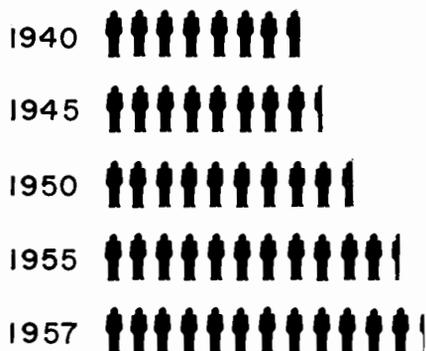
Water Utilities

Annexation or separate incorporation of communities adjoining cities, the role of the suburb as part of a metropolitan area --- these are currently controversial issues in an era of lively urban expansion. Such issues are outside the jurisdiction of this Commission which must, however, deal with service requests arising in such an era.

When the utility does not wish to grant the request, the solution rests on whether or not it has an obligation to serve, an obligation which exists by reason of (1)

WATER UTILITY CUSTOMERS IN WISCONSIN
1940-1957

| SYMBOL = 50,000 CUSTOMERS



whether or not it has an obligation to serve, an obligation which exists by reason of (1) the utility's having an express contract, (2) its acquiring an indeterminate permit, or (3) acts from which an intention to serve may be inferred.

Many residents of the towns of Granville

and Greenfield, caught in an interim of litigation contesting annexation to the city of Milwaukee, faced the ancient plight of "water, water everywhere, and not a drop to drink." During the biennium there were 14 interim orders requiring the Milwaukee water utility to extend emergency service to these people, without prejudice, however, to the rights of the utility in those or any other proceedings before the Commission.

In the case of Wauwatosa's petition for wholesale service, Milwaukee's furnishing water to other contiguous municipalities was held to constitute a voluntary obligation of service which included Wauwatosa.

People are using more water: automatic washers, disposal units, airconditioning....

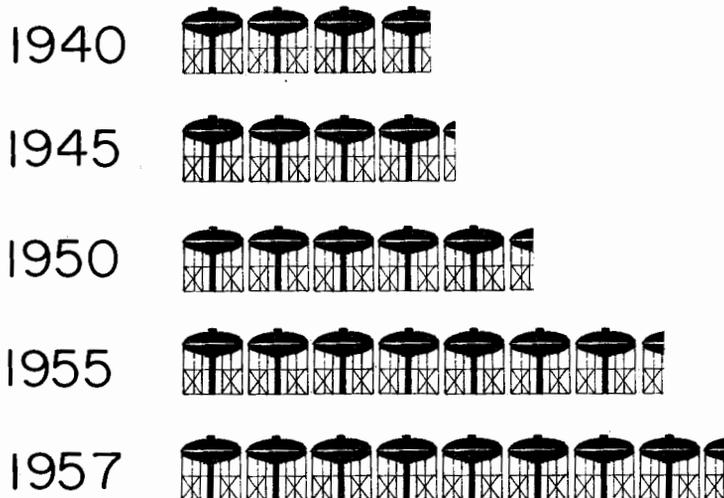
Since the Appleton utility's 1956 establishment of the initial schedule of surcharges for nonconservant airconditioning, five other utilities have imposed similar penalty charges on such use by equipment not designed for specified reuse of water.

The tendency to regard water if not as free as air, at least as plentiful is being sharply jolted. The problem of supply may be due to difficulty in locating adequate underground water supplies and sometimes the consideration that additional

WATER PLANT IN SERVICE IN WISCONSIN

1940 - 1957

1 SYMBOL = \$25 MILLIONS



DATA REFERS TO WATER PUBLIC UTILITIES

WISCONSIN WATER UTILITIES

1940 - 1957

OPERATING REVENUES

| SYMBOL = 3 MILLION DOLLARS

1940	\$	\$	\$:				
1945	\$	\$	\$	\$				
1950	\$	\$	\$	\$	\$	\$		
1955	\$	\$	\$	\$	\$	\$	\$	
1957	\$	\$	\$	\$	\$	\$	\$	\$

WATER PUMPED

| SYMBOL = 25 MILLION GALLONS

1940	↗	↗	↗			
1945	↗	↗	↗	↗		
1950	↗	↗	↗	↗	↗	
1955	↗	↗	↗	↗	↗	
1957	↗	↗	↗	↗	↗	↗

wells would seriously affect the yield of other wells in the area. Often, even in the case of utilities using plentiful surface water, the problem may be that of plant construction to keep pace with the rapidly rising usage and expanding service territory.

While a great majority of water utilities obtain water from ground sources, over half the customers of water utilities are supplied with surface water and the majority of these are supplied Lake Michigan water.

Lake Michigan is the supply source for 11 utilities, 4 of which supply all the needs of 7 other utilities, part of another utility's requirements and a village and a city at retail.

The latest city to obtain water from Lake Michigan is Green Bay which, in 1957, completed an intake, pumping station, transmission main, and treatment plant to replace its decreasing well supply.

Lake Superior supplies 3 utilities; Lake Winnebago-Fox River, 4 with a 5th supply in process of construction by Fond du Lac which finds its present well supply is inadequate and cannot be economically enlarged. Two rivers and two small lakes are sources of supply for 4 small utilities.

For the calendar years 1956 and 1957, water utilities reported plant additions valued at \$31,233,391. The difference between that figure and the \$13,204,902 plant authorized is chiefly accounted for in the large quantities of main extensions, service laterals, and meters for which formal authorization is not required.

As in the previous biennium, nine new utilities were authorized to operate. With few communities of more than 300 population without water utilities, no material increase is expected in the rate of formation of water utilities.

Sewer Utilities

Sewage utilities, when combined with water utilities to constitute a single public utility, have been under Commission jurisdiction as a result of the provisions of section 66.077, Statutes, created in 1949. A total of about 64 such utilities are now subject to regulation similar to that related to water.

SECURITIES -- ACCOUNTING

UTILITY

The Wisconsin Statutes require that all public utilities submit annual reports to the Commission. These reports, ranging from 1 or 2 pages to 100 pages, depending on the size of the utility, set forth a substantial amount of detail available to the public and valuable to the Commission in the exercise of its regulatory duties. The more than 600 reports annually reviewed and checked pertain to the assets and liabilities, revenues and expenses, and statistical information on the physical characteristics, operations, and properties of the utilities.

During the past 2 years, several of the larger privately owned utilities have petitioned the Commission for authority

to charge in their accounts additional depreciation expense equal to the income tax effect of the liberalized depreciation provisions of section 167 of the Internal Revenue Code of 1954. The applicants stated that a savings in federal income taxes would result therefrom.

Under the provisions of section 167, property installed after December 31, 1953 may be depreciated for federal income tax purposes by certain liberalized depreciation methods set forth therein, and, more particularly, by the declining balance or the sum-of-the-years digit methods.

Request was made that the Commission accept for rate-making purposes the depreciation expense allowance comprised of the sum of the depreciation at the straight-line rates certified by the Commission plus the additional amounts equal to the effect on federal income taxes of using the liberalized depreciation provisions of section 167 instead of the depreciation indicated by the use of only the certified rates. The Commission concluded that the statute contemplated that the entire depreciation expense should be used in proceedings involving the service rates of the utility. In reaching its determination that this procedure was reasonable, the Commission considered that the utility would have the benefit from the tax reduction, but that this cash could not be paid out in dividends but would have to be retained in the business and made available for construction or other proper corporate purposes. The rates payable by customers would initially be unaffected by the procedure, although eventually the customers would receive the benefits flowing from a lower rate base. In effect, the customers would pay more rapidly for the depreciation of the plant but would, proportionately, receive credit through reduction in the rate base.

The primary aim of regulation of the issuance of securities under Chapter 194, Statutes, is to assure reasonable protection to purchasers of these securities.

During the biennium covered by this report, the Commission considered 80 applications and granted authorizations to issue a total of \$135,344,324 par value of securities, proceeds from the sale of which amounted to approximately \$143,062,217 and were divided between various classes of securities and for purposes as stated on the next page:

<u>Source of Capital</u>	<u>Amount</u>
Common stock (total estimated proceeds)	\$ 32,566,717
Preferred stock (par value)	3,000,000
Bonds (face value)	59,780,000
Other form of debt (face value)	<u>47,715,500</u>
Total	<u>\$143,062,217</u>

<u>Purpose of Issue</u>	<u>Amount</u>
New capital	\$127,163,312
Refunding of outstanding securities	4,878,900
Merger or acquisitions of properties	7,028,325
Stock dividends	3,808,730
Validation of void securities	2,950
Guaranty of debt	<u>180,000</u>
	<u>\$143,062,217</u>

The predominant purpose of these security issues was to supply new capital to the utility industry of the state to finance unusually large construction programs. The industry continues to increase its plant facilities to meet added demands of customers. The amount of such construction, however, is greatly in excess of the amounts stated above. The balance of the cost is paid for from other sources such as depreciation reservation accruals, and net earnings retained in the business. Current financial practices in the issuance of debt securities and shares of preferred stock usually result in those classes of securities being sold at par or slightly above par, thus producing an amount of capital closely approximating the par value. However, a different situation prevails in the issuance and marketing of common stock. For those companies whose common stock is widely held or is listed on stock exchanges, the sale price may be greatly in excess of par value, thereby producing capital in excess of the par value. A recent compilation of the total capitalization of Wisconsin privately owned utilities shows that the total common stock equity was in excess of the total debt securities outstanding.

TRANSPORTATION OF PASSENGERS

Utilities must plan to meet increasing demand. Carriers of passengers must also plan -- to cope with a declining use of their services.

The strong, and growing, preference for the private automobile is the most potent competition whittling down the use of all forms of public passenger transportation except airways.

WISCONSIN		
<u>Year</u>	<u>Private automobile registration</u>	<u>Ratio of Persons to Autos</u>
1949	897,596	3.78
1951	1,000,066	3.42
1953	1,059,994	3.32
1955	1,135,781	3.25
1957	1,221,599	*

* not available

Need for service is evidenced by use (and demonstrable potential use) thereof and not by some theoretical statement as, "Of course, the town must have passenger train and local bus service."

Busses

There are requests for additions and changes to city bus routes, particularly to the growing suburbs. In a recent case, the Milwaukee & Suburban Transport Corporation was ordered to operate, for a 60-day trial period, three daily trips on a route into the rapidly developing village of Bayside. Jurisdiction was retained for reconsideration if the trial service fails to average at least 10 passengers per trip.

However, with the cost of labor and material rising and patronage falling, the maintenance of essential traffic must not be jeopardized by little-used, unprofitable operations.

With business less than booming, it is not surprising to find that the number of carriers of chiefly urban traffic has diminished from 41 in 1951 to 29 in 1957.

The decreasing vehicle miles as shown on the table on the following page, reflects less frequent service and routes abandoned or revised:

	<u>Urban service</u>		<u>Suburban service</u>	
	<u>Passengers</u>	<u>Vehicle miles</u>	<u>Passengers</u>	<u>Vehicle miles</u>
1950	294,348,436	54,568,993	3,730,450	2,494,733
1952	231,291,088	51,349,490	4,043,000	3,404,000
1954	185,288,428	45,999,855	2,896,353	2,842,109
1956	156,805,642	40,066,080	2,330,361	2,609,271
1957	150,083,000	38,683,000	2,021,000	2,196,000

Data is prepared from calendar year annual reports and supporting data of Wisconsin intrastate common motor carriers of passengers.

The suburban group includes the type of service performed for Badger Ordnance workers, for fringe metropolitan areas, between cities and airports and short haul operations into and between nearby urban areas which cannot well be included in Urban Type Service.

The tax relief granted urban and suburban motor carriers of passengers (Chapter 240, Laws of 1955) is at least partially responsible for the decline in the number of fare increase proceedings. See the Before and After table of proceedings (formal, informal, and emergency), noting that by 1957-1958, adverse conditions would appear to show signs of re-

<u>Urban and Suburban</u>	<u>Intercity</u> (not affected by Ch. 240)
BEFORE Ch. 240	
1953-54 20	12
1954-55 12	2
AFTER Ch. 240	
1955-56 5	9
1956-57 4	9
1957-58 12	9

asserting their effect in spite of said relief.

Railroad and bus riding trends are invariably downhill propositions yielding to the private automobile. Of public passenger transportation services, only airways (not under this Commission's jurisdiction) have steadily increased

their percentage of traffic carried, as the following table illustrates. These figures, while referring to national data, present a picture very similar to state passenger transportation traffic.

PERCENTAGE DISTRIBUTION OF INTERCITY PASSENGER
MILES BY KIND OF TRANSPORTATION

(Source: Annual reports of Interstate
Commerce Commission)

Year	All railroads	Motor carriers of passengers	Airways	Inland waterways	Private automobiles
1950	8.11%	5.31%	2.01%	.30%	84.27%
1952	6.24	5.40	2.56	.25	85.55
1954	4.71	4.10	3.13	.27	87.79
1956	4.08	3.60	3.65	.27	88.39

Passenger Trains

When it is shown that, in view of present and potential patronage, the pecuniary loss sustained by the railroad outweighs the public need of a particular passenger train, the Commission, however reluctantly, must authorize discontinuance of that train, though the railroad is frequently ordered to provide substitute bus service.

By order of May 10, 1957, the Chicago and North Western Railway Company was authorized, subject to certain restrictions and requirements, to discontinue 9 trains, portions of operations of 5 trains, and substitution of bus service for 4 seasonal trains.

Continuing and increasing intrastate passenger losses (which in 1955, for example, exceeded freight operating income by \$1,867,000) had seriously impaired the railroad's ability to properly improve and modernize the passenger as well as the freight service so important to the industrial expansion of the state. This public need far outweighed minor inconvenience to the relatively few remaining users of poorly patronized passenger trains, particularly when there was other available public passenger service.

A 1957 denial of a Milwaukee Road application to discontinue Milwaukee-Berlin passenger service turned to authorization in 1958. The Commission in its denial had said that it could not find that the discontinuance of service on this

line would be

consistent with public interest and the rendition of reasonably adequate service in the absence of proof that a serious attempt had been made by both management and labor to negotiate a method under the unique circumstances prevailing, that would permit the operation of present equipment or single unit self-propelled equipment at a level of out-of-pocket expense commensurate with revenues obtainable.

When proceedings were reopened in 1958, testimony revealed that operating costs of either the existing equipment or of Budd car equipment could not be reduced to any extent that would be commensurate with revenues obtained. It was further indicated that Budd equipment could also be hazardous principally due to a characteristic failure to activate conventional crossing signals, train controls and interlocking devices, and that substantial capital expenditure would be necessary to revamp the existing controls.

Patronage and revenues, since the study period used in the previous order, had declined 12 percent; wage increases had been granted operating employees; and the \$51,686 annual out-of-pocket loss was so great as clearly to outweigh public need for the service.

Other proceedings dealing with discontinuance of passenger trains include:

Chicago and North Western Railway authorization to discontinue two trains between Green Bay and Milwaukee

Chicago, Milwaukee, St. Paul and Pacific Railroad authorization to discontinue:

3 trains between Madison and Milwaukee and the Watertown-Madison portion of another run. Substitute bus service was ordered between Madison and Watertown to maintain main line train connections. The connecting station was subsequently changed from Watertown to Columbus which incorporated also the former connecting bus service between Madison and Portage.

Wausau-Woodruff service. Substitute bus service was ordered.

2 Hiawatha trains as a result of consolidation of schedules with 2 other similar trains that operate on schedules one hour later.

TRANSPORTATION OF PROPERTY

The legislative intent in creating Chapter 194, Statutes, entitled Motor Transportation, reads in part:

. . . to supervise and regulate the transportation of persons and property by motor vehicles . . . so as to protect the safety and welfare of the traveling and shipping public in their use of the highways; to relieve the existing and all future undue burdens on the highways . . . to carefully preserve, foster and regulate transportation to the end of developing and preserving each separate type of the transportation system by highway and rail adequate to meet public needs.

The application of these broad principles is indeed a complex task when dealing with an industry as highly competitive as transportation. As of June 30, 1958, there were operating in this state

332 common motor carriers of property and passengers
11,317 contract motor carriers of property
20 steam railways
4 common carriers of property by water
1 express company

Railroads - Freight

According to Interstate Commerce Commission statistics (the pattern of Wisconsin transportation is similar), freight is trending away from use of the railroad.

UNITED STATES

Total Intercity Ton-miles
and
Distribution by Transport Agency

	<u>1944</u>	<u>1949</u>	<u>1954</u>	<u>1955</u>
Total intercity ton-miles in millions	1,088.3	915.9	1,124.5	1,277.8
Railroads	68.63%	58.38%	49.50%	49.4%
Motor carriers	5.35	13.83	19.09	17.7
Waterways	13.80	15.22	15.45	16.9
Pipelines	12.21	12.55	15.94	15.9
Airways	.007	.026	.035	.04

To preserve the necessary railroad freight service, economy measures must be initiated to counteract rising costs of doing business. The railroads have made great efforts to reduce their station expenses. There have been many applications to discontinue agency service at smaller stations; and at stations where there was not existing agency service, applications have been made either to abandon the station or to discontinue all except carload traffic at the stations.

Of the 49 such applications in which orders were issued between July 1, 1956 and June 30, 1958, 6 applications were denied, 5 station abandonments authorized, and 38 downward revisions of service authorized.

In an order involving service at Kendall, the Commission noted that

. . . . rendition of half-time or part time agency service should satisfactorily accommodate patrons at Kendall and Wilton However, there is sworn testimony of record that a single agent serving two or more stations could not accomplish the financial relief sought, due to restrictions governing labor contracts. The Commission, therefore, has no alternative but to exclude giving consideration to such modification (in this instance).

The Chicago and North Western Railway has recently pursued a somewhat different approach in that they have submitted a single application which would effect the withdrawal of the local agent at approximately 100 smaller stations in the state, and would be designed to provide that one centralized station take care of the agency work of one or two so-called "associate stations." The order has not yet been issued in this proceeding.

Motor Carriers - Freight

Shifts in industry, whether of method or volume, are reflected in the transportation picture.

Pulpwood is being trucked in growing quantities since the use of Wisconsin wood is increasing due to the use of deciduous or "hardwoods" in the manufacture of pulpwood. Whereas in 1951 such truck tonnage was confined to an area within approximately 45 miles of the mill, in 1956 pulpwood was trucked for distances as great as 100 miles.

In 1957 the Commission denied contract motor carrier authority to transport metal cans, can ends, and bottle caps for American Can Company. The denial order stated that the hauling was not of such a specialized nature as to justify the

authority as requested, in view of the service offered by common carriers.

In a similar application made in 1958, authority was granted to the applicant who had in the meantime developed a trailer especially designed to carry the maximum quantity of palletized material. The findings in this order included recognition of the fact that

. . . . The canning industry is an important segment of the economy of this state Any improvement in efficiency which results in economy of operation directly affects the progress and prosperity of the canning industry and reflects itself directly or indirectly in the price paid to the farmers who raise the fruits and vegetables for the canning companies.

The Commission further found that the effect of some diversion from common motor carrier and railroad traffic is outweighed by the benefits resulting from this specialized transportation.

A number of applications for additional authority for approximately state-wide hauling of cement were denied. It was pointed out that

The Commission has always been reluctant to approve applications for the transportation of bulky, heavy commodities on public highways for long distances, even where a positive, unusual need was shown. The applicants have failed to show a specific unusual need for their proposed service . . . or any one of the many circumstances that would require service by truck rather than rail.

Minimum rates of petroleum haulers were specified in Commission rules for the first time and became effective March 1, 1958 (section PSC 16.35).

Other additions to the Wisconsin Administrative Code which became effective during the biennium include, besides various changes in highway route restrictions, rules relating to

credit, billing, and payment of common motor carrier charges (PSC 16.07)
transportation of explosives and dangerous articles (PSC 69.02)
construction, filing, and posting of tariffs by common motor carriers of passengers and property

TRANSPORTATION -- LAWS

The Public Service Commission has an obligation to exercise the powers, authority, and duties conferred upon it by the State Legislature and set forth in the Wisconsin Statutes. It has also the obligation not to exceed its jurisdiction or any limitation on state regulation which may be imposed by the federal government. Changes in law may expand or diminish the Commission's jurisdiction.

Transportation Act

The Transportation Act of 1958, passed by the 85th Congress, affects state regulation in several respects:

(1) Motor carriers: The most significant change is the redefining of operations exempt from interstate regulation. This will have the effect of narrowing the field in which the Wisconsin Public Service Commission issues so-called compliance licenses, while tending to broaden the field where carriers must obtain conforming licenses, that is, licenses in conformity with authority granted by the Interstate Commerce Commission.

(2) Railroads, passenger trains: In the newly created Section 13a of the Interstate Commerce Act, (a) the ICC is given original jurisdiction over operation of passenger trains between points in two or more states and (b) state commissions retain jurisdiction over trains which operate wholly within the boundaries of a single state. However, if a state commission fails to act within 120 days of the filing of a petition to discontinue or change service, or if the petition is denied by the state commission, the railroad may petition the ICC for authority to operate as proposed.

(3) Railroads, general: Amendment of Section 13 (4), Interstate Commerce Act, provides (a) that when a carrier files a petition bringing into issue any fare, rate, or regulation imposed by a state agency, the ICC shall forthwith institute an investigation, whether or not the matter has been or is being considered by that state agency, and the ICC shall give special expedition to the hearing and decision therein; and (b) that the ICC may make its findings without a separation of inter- and intrastate property, revenues, and expenses and without considering in totality the operation of any carrier or groups of carriers within a particular state.

RAILROAD - HIGHWAY CROSSING PROTECTION

 = 100 SIGNALS

1952													:		
1954															
1956															
1958															:

 = 30 SEPARATIONS

1952																
1954																
1956																
1958																

 = 10 GATES

1952																
1954																
1956																
1958																

 = 10 FLAGMEN

1952											
1954											
1956											
1958											

Certain U. S. regulatory policies touch on the installation of highway-railroad crossings and their protection. The U. S. Bureau of Public Roads has adopted a policy of requiring flashing-light signals and gates at all grade crossings where sight distances are poor and trains are operated at high speeds, unless a state agency with jurisdiction finds and recommends otherwise.

On the ground that the individual characteristics of each crossing should be the basis for ordering crossing protection, this Commission denied the request of the State Highway Commission for a rule expressing the conditions under which flashing lights with gates would be required.

The Federal Aid Road Act dealing with highway projects financed in whole or in part by federal moneys, sets forth certain policies and standards of construction including that of any involved highway underpasses or overhead bridges.

The Commission has authorized the separation of several highway-railroad crossings on the proposed interstate highway system and other highway relocations in the state. Although it might be expected that these new structures would replace existing grade crossings in their vicinity, in many instances this was not the case because the existing roads, instead of being abandoned, were retained as access or service roads for the new or relocated highways.

There has been a trend in the state to substitute automatic signals for flagmen and manually controlled and supervised crossing protection. The automatic signal installations include speed selection features and time cut-out devices which eliminate unnecessary operation of the signals and provide 24-hour protection. Since the changes result in substantial savings to the railroad companies through the avoidance of labor expense, no installation costs are apportioned against the state.

WATER POWERS

Under section 30.02 (1) (ba), Statutes, which became effective August 15, 1957, a permit is required to place a layer of sand or similar material on the bed of a lake adjacent to an owner's property, to improve its recreational use.

Between its effective date and June 30, 1958, 31 applications were received under this statute. The Commission issued 25 permits and denied 5 (1 application was withdrawn).

Irrigation

The diversion of water from groundwater sources and surface waters has been practiced in this state since about 1945, though it was not until 1950 that section 31.14, Statutes, was interpreted as requiring a permit for diversion. Low stream flow in 1955 occasioned complaints which started the general application for such permits.

IRRIGATION SUMMARY
June 30, 1958

<u>Year</u>	<u>Permits granted</u>	<u>Applications denied</u>
1951	3	3
1952	0	0
1953	2	0
1954	5	0
1955	5	0
1956	22	5
1957	40	4
1958 (1st half)	20	5

Major use of diverted water is by potato growers in the sandy soil areas of the state where the streams are frequently trout waters highly valued by sportsmen.

Of the 9 denials, in 1956 and 1957, of applications to divert water, 5 involved injury to fish habitat. The others pertained to such matters as injury to the rights

of lower riparians (2 cases concerning watering of cattle) and preservation of flow to properly dilute sewage effluent.

There were numerous instances of permits in which irrigation, or the amount of irrigation, was conditioned on stream flow.

Now pending in Dane County Circuit Court is the first court case under section 31.14, Statutes, in which a permit to irrigate is challenged by lower riparians. (Nekoosa Edwards Paper Company, Frank R. Fey, and Martin Kirchoefer v. P. S. C. of Wis.)

As of January 1, 1958, the 78 permits then in effect allowed irrigation of 5,575 acres of tillable land. In

COMMISSION -- ORGANIZATION

The Public Service Commission of Wisconsin is composed of three full-time Commissioners who meet daily to transact Commission business, a secretary, and a staff of 130 persons. The Commissioners are George P. Steinmetz, chairman, Arthur L. Padrutt, and Edmund J. Krawczyk.

Chairman George P. Steinmetz was born near La Farge, Wisconsin. He received his degree of Bachelor of Science in Civil Engineering from the University of Wisconsin. He has been employed by the Public Service Commission since 1923, serving as Chief Engineer from 1935 to 1953 except for a military leave of absence (1942-1945) when he directed and reviewed purchases of utilities services for Fifth and Sixth Service Commands and later, as a Lieutenant Colonel in the office of the Chief of Engineers in Washington, D. C., planned and directed renegotiation of large war-time utilities contracts for the Army and Navy and other Federal agencies. His consulting work has included work for TVA, U. S. Military Government for West Germany, National Security Resources Board, Economic Cooperation Administration on utility regulation and electricity supply, and Telephone Advisory Committee for REA. He is chairman of the Wisconsin Committee on Water Pollution, vice chairman of the Wisconsin Natural Resources Committee, member of the Executive Committee and chairman of the Special Committee to Study the Problem of Procurement and Training of Commission Engineering Personnel of the National Association of Railroad and Utility Commissioners. Mr. Steinmetz has been awarded testimonials from the University of Wisconsin and from the Wisconsin Society of Professional Engineers for eminent and outstanding engineering services to the State and Nation. He was appointed to the Public Service Commission by Governor Kohler in June 1953, and appointed chairman of the Commission in April 1956.

Commissioner Arthur L. Padrutt was born in Huron, South Dakota. He received a Bachelor of Science Degree from the Eau Claire State College in 1939. Mr. Padrutt was graduated from the University of Wisconsin Law School in 1956. Prior to receiving his law degree, he taught in the Wisconsin public schools and owned and operated a photo supply business. He was elected to the Wisconsin Assembly from Chippewa County in 1940 and served four consecutive terms in that body. Elected to the Wisconsin Senate (28th District: Chippewa and Eau Claire Counties) in 1948, he served in the '49, '51, '53, and

'55 sessions. During his legislative career, his committee assignments were varied, including the State Centennial Committee, Committee to Visit State Institutions, and the Joint Finance Committee in 1951 and 1953. In 1955 he was chairman of the Governmental and Veterans' Affairs Committee. He was also a member of the State Building Commission and the Commission on Interstate Cooperation and was Wisconsin's representative on the Board of Managers Council of State Governments. In 1953 Senator Padrutt became chairman of the Joint Survey Committee on Retirement Systems. Following his resignation from the Senate, he was appointed to the committee as a public member by Governor Kohler and has continued to serve as chairman. A closely related activity has been his chairmanship of the Governor's Retirement Study Commission from 1955 through 1958. First appointed by Governor Kohler in April 1956 to fill an unexpired term, Mr. Padrutt was reappointed to the Public Service Commission by Governor Thomson for a six-year term expiring in 1963.

Commissioner Edmund J. Krawczyk was born in Milwaukee, Wisconsin. After serving approximately three years in the United States Air Force attached to the Eighth Air Force in England, he attended Marquette University from which he received his Bachelor's Degree in 1950 and a law degree in 1952. Prior to his appointment to the Public Service Commission, he was engaged in private law practice in Milwaukee. Mr. Krawczyk is a member of the Wisconsin Bar Association, the Milwaukee Bar Association, and the Milwaukee Junior Bar Association. Besides also holding membership in the Milwaukee South Side Businessmen's Association and the Polish National Alliance, he serves as a Director of the Milwaukee County Citizens Committee and the Pulaski Council and as President and Director of the Milwaukee Society, an association composed of the most prominent Polish-American Milwaukee business and professional men. On July 31, 1958, Mr. Krawczyk was sworn in as a Commissioner of the Public Service Commission, having been appointed by Governor Thomson to fill the vacancy created by the resignation of former Commissioner Nicholas J. Lesselyoung.

Edward T. Kaveny has served as secretary of the Commission since July 1, 1941, and was appointed following a competitive civil service examination in which he ranked first. He was born in Pawtucket, Rhode Island, attended LaSalle Academy, Providence, Rhode Island, and Holy Cross College, Worcester, Massachusetts. He was a member of the editorial staff of newspapers in Providence, Pawtucket, and Woonsocket, Rhode Island; Waterbury, Connecticut; Syracuse, New York; Detroit, Michigan; and Milwaukee. He entered state service in 1935 as public relations director for various state departments. In 1937, he was appointed an assistant director of the Beverage Tax Division and public relations director of the State Treas-

ury Department. In 1938, he became editor of the Tax Commission and liaison assistant to the director of the Tax Commission. In 1939, he returned to the Treasury Department as editor and administrative assistant of the Beverage and Cigarette Tax Division. He is chairman of the state and federal Secretarial Offices Committee of the National Association of Railroad and Utilities Commissioners.

PUBLIC SERVICE COMMISSION OF WISCONSIN

PERSONNEL

George P. Steinmetz, chairman
Arthur L. Padrutt, commissioner
Edmund J. Krawczyk, commissioner
Edward T. Kaveny, secretary

Administration Department

Edward T. Kaveny, chief

Main Office Section--Francesca A. di Lorenzo
Administrative Assistant
Cost Accounting Section--John F. Goetz, Jr.
Filing Section--Faye M. Robbins
Reporting Section--(Supervised by secretary)

Transportation Department

A. W. Larson, chief

Tariffs Section--Ivan A. Sherman
Statistics Section--Richard V. Maves
Reports and Accounts Section--Robert C. Stadelman
Motor Carrier Section--Judd H. Justesen

Legal Department

William E. Torkelson, chief counsel

Engineering Department

Warren Oakey, chief
Ralph E. Purucker, assistant chief

General Section--Ralph E. Purucker
Service Section--William H. Damon
Railroad Section--Hugo F. Muehrcke
Valuation Section--Warren Oakey
Water Power Section--William H. Cartwright

Accounts and Finance Department

A. R. Colbert, chief
Ralph S. Butler, assistant chief

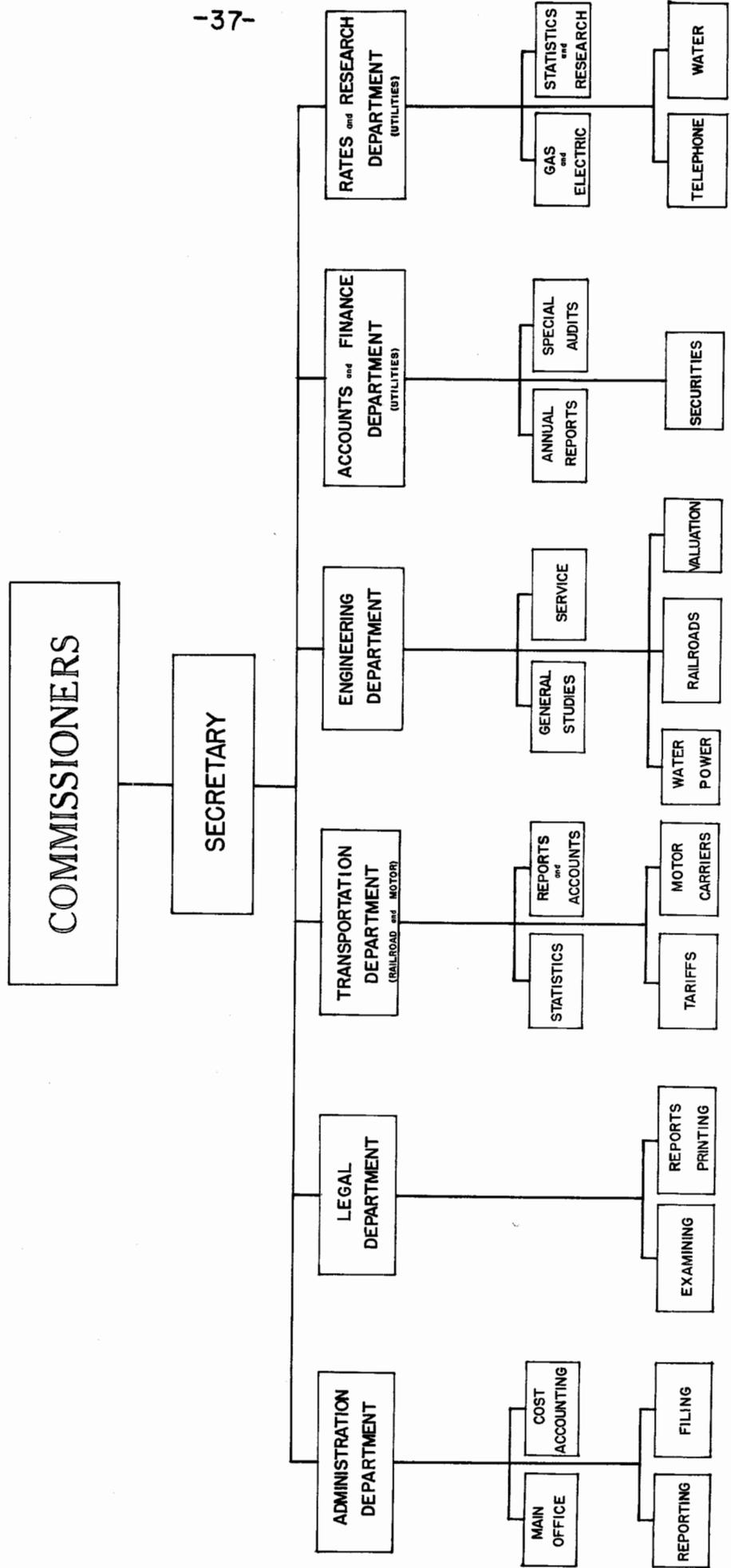
Rates and Research Department

Henry J. O'Leary, chief
Eugene M. Downey, assistant chief

ORGANIZATION CHART

OF

PUBLIC SERVICE COMMISSION OF WISCONSIN



DEPARTMENTS OF THE COMMISSION

For the efficient conduct of its business, the Commission staff is divided into six departments, each with specifically assigned duties, as described in the following pages:

1. Administration department

Main Office Section: Operates as the administrative office and general information bureau of the Commission.

Cost Accounting Section: Prepares monthly and annual assessments of regulatory expense against the utilities or railroads involved, prepares budgets and payrolls, audits expenditures, collects and deposits receipts, maintains records of the Commission finances and personnel, coordinates travel of staff members, and issues and inventories equipment and supplies.

Filing Section: Keeps all files and records of the Commission's work except finance and personnel, employs a follow-up system on files and correspondence, handles mailing and distribution of Commission notices and orders.

Reporting Section: Records official word-by-word proceedings at hearings and prepares transcripts.

2. Legal department

Performs three principal functions: (1) It acts as a law office for the Commission and its staff with respect to matters arising out of their official duties. (2) It supplies hearing examiners and fixes the dates and places for hearings. (3) It makes arrangements for printing decisions and orders of the Commission as provided by law.

The law-office function consists in giving legal advice and service to the Commission and its staff with respect to matters arising out of their official duties, and in representing the Commission in proceedings in Circuit Court for Dane County, the Supreme Court of Wisconsin, as well as other courts and tribunals.

Scheduling of hearings is done under the supervision of a Supervisor of Hearings who, after selecting a specific date for each case, designates a hearing examiner and reporter to conduct the hearing. An attempt is made to set each hearing at a time and place most convenient to the parties and the public, consistent with a minimum of travel and the obtaining of a most efficient utilization of the time of the hearing examiner and reporter as well as other members of the staff.

The statutes require that the Commission print its decisions and all general orders. The work of editing the decisions and general orders preparatory to printing is done in the legal department as well as proofreading, indexing, and other like tasks needed to turn out the completed publication.

WILLIAM E. TORKEISON, immediately prior to his serving as Chief Counsel of the Commission and as head of its Legal Department, was Assistant Attorney General of the state of Wisconsin from 1944 to 1949.

3. Transportation department

Statistical Section: Analyzes costs of railroads and motor carriers and maintains files of general statistical data relating to transportation; prepares statistical and general economic data for use in matters before the Commission and the Interstate Commerce Commission.

Reports and Accounts Section: Audits books and reports of common carriers; prepares accounting data for use in matters before the Commission and the Interstate Commerce Commission; designs reporting forms and systems of accounts for motor carriers.

Tariffs Section: Investigates transportation rates and fares of express, truck, and bus lines, streetcar and trackless-trolley systems, and electric and steam railroads; maintains a complete file on freight tariffs and passenger fares; represents the state in Interstate Commerce Commission rate proceedings; investigates telegraph rates; and audits bills upon request.

Motor Carrier Section: Handles preliminary work in connection with motor-carrier authorities and complaints and maintains liaison with other sections of the Commission and state departments, involving motor-carrier regulations. Centralizes and coordinates motor-carrier functions.

A. WILFORD LARSON, chief of the Transportation Department since 1952, has been a member of the Commission staff since 1933, except for a 1942-1945 military leave. He was a member of the Governor's Commission on Urban Transportation which made its report to the Governor in November 1954.

4. Engineering department

Provides engineering services for the Commission in transportation, water-power, and utility matters, and does similar work for other state departments upon request.

The work includes valuations of utility property for rate, security issue, and acquisition purposes; establishment of continuing property records of utility property for use by the utilities and the Commission in many regulatory matters; investigations of complaints and inquiries concerning, and periodic inspections of, telephone, gas, electric, streetcar, bus, truck, and railroad service as well as the safety of electric lines and equipment; investigations of utility applications to add facilities, make interconnections, and integrate operations; and investigations of water-power and navigation matters such as lake levels, obstructions in navigable waters, measurement of stream flow, and plans for proposed water-power structures and for their operation.

WARREN OAKLEY, chief of the Engineering Department since 1953, has been a member of the Commission staff since 1925. He is a member of the Water Regulatory Board, of the Natural Resources Committee, and of the Wisconsin Committee on Atomic Energy.

5. Accounts and finance department

Audits the books, accounts and annual reports of electric, telephone, gas, and water public utilities, designs uniform systems of accounts prescribed for all classes of utilities, prepares any required interpretations of those systems of accounts, investigates and studies applications of utilities for authority to issue stocks, bonds, and all other forms of securities, investigates proposals of utilities to purchase, consolidate or merge other utility companies, investigates financial arrangements between utility affiliated interests which require Commission approval, and makes recommendations to the Commission on matters pertaining to accounting and finance.

A. R. COLBERT, who has been chief of the department for the past 21 years, is chairman of the Committee on Accounts and Statistics of the National Association of Railroad and Utility Commissioners, and for many years has been a chairman or member of the Committee on Depreciation of that Association.

6. Rates and research department

Investigates and recommends rates and rules and analyzes costs of telephone, electric, gas, and water utilities; prepares technical reports and recommendations for the examining section and the Commissioners in connection with formal utility cases; handles complaints involving utility rates and rules and extension of service to prospective customers in the existing territory of utilities; investigates applications of electric utilities to extend rural distribution lines; collects, analyzes, and furnishes information and data on the utility industry; makes investigations of economic conditions affecting the utility industry; and maintains a file of electric, telephone, gas, and water rates.

HENRY J. O'LEARY, chief of the Rates and Research Department, has been head of the department for the past 16 years. He serves on the Special Committee of staff experts of the National Association of Railroad and Utilities Commissioners which is studying telephone problems, as well as being a member of other NARUC telephone committees.

FINANCES OF THE COMMISSION

The Commission has four principal sources of revenue with which it finances its work:

1. To defray the expenses of regulating the rates, service, construction, finances, and security issues of telephone, electric, gas, and water utilities, whether privately or municipally owned, the Commission makes an assessment of costs of particular investigations against the investigated utility limited by $\frac{4}{5}$ of 1% of the gross intrastate operating revenues of the utility in the previous calendar year. A similar assessment is made in railroad investigations.
2. To recover costs incurred in utility regulation that cannot be ascribed to a particular investigation, the Commission makes a so-called remainder assessment after the close of each fiscal year against all Wisconsin utilities which may not exceed $\frac{1}{5}$ of 1% of the total gross intrastate operating revenues for the previous calendar year.
3. To recover costs incurred in railroad regulation that cannot be ascribed to a particular investigation, the Commission makes a remainder assessment at the close of each fiscal year against all railroads operating in Wisconsin. This assessment may not exceed $\frac{2}{5}$ of 1% of the total gross intrastate operating revenues for the previous calendar year.
4. To provide for regulation of motor-carrier operating authorities, rates, and service; for water resources regulation; and for miscellaneous administrative expenses, a specific legislative appropriation is available from the State General Fund. Reimbursement for motor transportation expenses is eventually made from the State Highway Fund.

Details of Commission finances are shown in the following table. It should be noted that the receipts and disbursements are not equal for a given year because the amounts available as legislative appropriations are seldom spent in full, but allowed to lapse. Also, reimbursement for some utility and railroad expenditures is not received until the subsequent fiscal year.

APPROPRIATIONS AND RECEIPTS	<u>1956-57</u>	<u>1957-58</u>
General Legislative Appropriations	\$277,500.00	\$282,740.00
Cost of Living Bonus Appropriations	38,337.63	42,410.12
Emergency Board Appropriations	<u>4,585.00</u>	<u>19,875.00</u>
Total Appropriations	<u>\$320,422.63</u>	<u>\$345,025.12</u>
Utility Receipts		
Direct Charges	\$ 53,983.25	\$ 59,809.75
Remainder Assessments	<u>354,590.81</u>	<u>367,895.05</u>
Total	<u>\$408,574.06</u>	<u>\$427,704.80</u>
Railroad Transportation Receipts		
Direct Charges	\$ 5,749.92	\$ 12,723.94
Remainder Assessments	<u>101,911.55</u>	<u>115,410.14</u>
Total	<u>\$107,661.47</u>	<u>\$128,134.08</u>
Utility and Railroad Copy Work	<u>\$ -</u>	<u>\$ 2,788.63</u>
Total Appropriations and Receipts	<u>\$836,658.16</u>	<u>\$903,652.63</u>
DISBURSEMENTS		
Utility	\$430,295.84	\$461,689.42
Railroad Transportation	126,484.14	137,599.46
Water Power and Navigation	80,863.25	91,420.61
Motor Transportation	<u>218,243.86</u>	<u>245,975.21</u>
Total Disbursements	<u>\$855,887.09</u>	<u>\$936,684.70</u>
COLLECTIONS FOR GENERAL STATE FUND		
Utilities Securities Fees	\$ 29,186.24	\$107,842.71
Water Power and Engineering Fees	2,029.96	2,642.21
Copy Work and Sale of Printed Matter	<u>4,315.61</u>	<u>1,617.98</u>
Total	<u>\$ 35,531.81</u>	<u>\$112,102.90</u>
COLLECTIONS FOR STATE HIGHWAY FUND		
Motor Carrier Filing Fees	<u>\$ 59,276.30</u>	<u>\$ 63,675.00</u>

COMMISSION -- PROCEEDINGS

Under the direction of the Commission, hearing examiners held 2,400 hearings in various parts of the state. This total exceeds that of the last biennium by 141.

HEARINGS		
	1956-57	1957-58
Railroad -----	149	153
Utility		
General -----	157	180
Securities -----	-	1
New plants and additions -----	33	59
Water power -----	98	110
Motor		
General -----	33	51
Common carrier certificates --	46	108
Contract carrier licenses ----	633	589
Amendments -----	-	-
TOTAL ---	1,149	1,251

FORMAL CASES	Opened		Closed	
	during biennium		during biennium	
	1956-57	1957-58	1956-57	1957-58
Railroad -----	160	183	149	172
Utilities				
General -----	163	193	167	199
Securities -----	41	39	45	38
New plants and additions -----	84	111	81	118
Water Power -----	84	101	79	103
Motor				
General -----	22	37	21	35
Common carrier certificates ----	28	27	26	29
Contract carrier licenses ----	1,380	1,479	1,399	1,471
Amendments -----	949	1,018	959	1,037
TOTALS	2,911	3,188	2,926	3,202

ORDERS ISSUED		1956-57	1957-58
Railroad -----		169	239
Utility			
General -----		211	252
Securities -----		55	46
New plants and additions -----		91	128
Water power-----		106	164
Motor			
General -----		37	69
Common carrier certificates -----		43	52
Contract carrier licenses -----		1,678	1,629
Amendments -----		851	914
	TOTALS	3,241	3,493

<u>INFORMAL CASES</u>	<u>1956-57</u>	<u>1957-58</u>
Railroad -----	62	67
Utility -----	718	673
Water power -----	104	134
	TOTALS	884
		874

There are, besides the tabulated proceedings, innumerable matters informally processed, investigations and studies, informal complaints handled, continuing records maintained, and work on a cooperative basis with such other state departments as the Motor Vehicle Department, the Industrial Commission and the Electrical Standards Laboratory of the University of Wisconsin, as well as with the Water Resources Branch of the United States Geological Survey, and participation in Interstate Commerce Commission proceedings.

Members of the Commission and its staff serve on various committees concerned with matters associated with the jurisdiction of the Commission.

