

**PUBLIC SERVICE
COMMISSION
of
WISCONSIN**

BIENNIAL REPORT
July 1, 1958 to June 30, 1960

Leonard Bessman
Chairman

Arthur L. Padrutt
Commissioner

Martin G. Glaeser
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, 1958 to June 30, 1960.

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 5, 1960

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In exercising the powers and duties delegated to it by the Legislature, the Public Service Commission must apply legal standards, derived in part from the common law but set forth in regulatory statutes, such as "reasonably adequate service and facilities," "charges which are reasonable and just," "public safety," and "public convenience and necessity." These standards must be applied in realistic and practical fashion to the facts of specific cases.

TRENDS

Demand

Quantity and type of service have advanced with the expanding suburbs and the shift to areas beyond the suburbs. Urban four-party telephone service is declining; upgraded rural zone service (one-, two-, and four-party) is new in this biennium.

As the 1960 census is indicating, the population has so dramatically shifted to the suburbs as to constitute what has been called a social revolution. Authorities agree that one of the chief causes of this migration is the automobile which makes it easier to get into and out of a city.

In 1949 there were 897,596 private automobiles in Wisconsin. In 1959 there were 1,281,498, along with a definite inclination to use them in preference to public transportation: railroads and busses (city and intercity).

The freight pattern continues to show diversion from railroad service to pipelines, airways and, principally, motor carriers.

Expenses

Whether the demand for service is up or down, the cost of labor and material still rises. The impact of wage increases is most forcefully felt when labor expense is a high percentage of the cost of doing business. See the following statistics and Revenue Dollar charts on page 2 and this page.

WISCONSIN TELEPHONE COMPANIES AVERAGE HOURLY PAY OF NONSUPERVISORY WORKERS	
Year	Hourly compensation
1950	\$1.32
1955	1.77
1957	1.97
1959	2.12

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
1959	2.8521

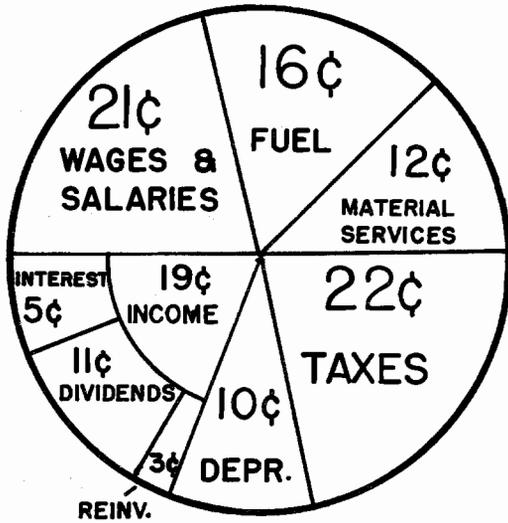
ALL RAILROAD EMPLOYEES AVERAGE STRAIGHT-TIME HOURLY COMPENSATION	
Year	Hourly compensation
1950	\$1.57
1955	1.965
1957	2.285
1959	2.558

THE UTILITY REVENUE DOLLAR

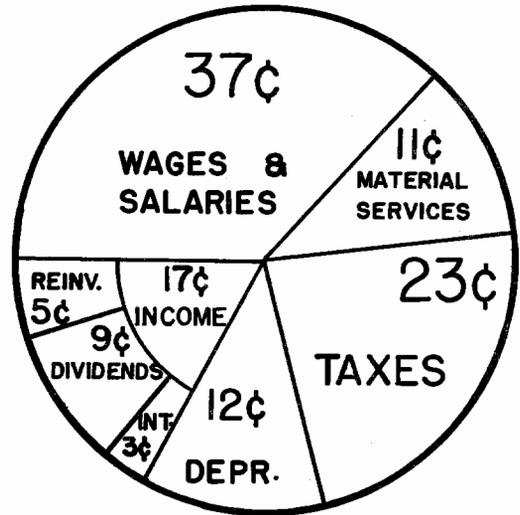
1959 DATA

ELECTRICITY

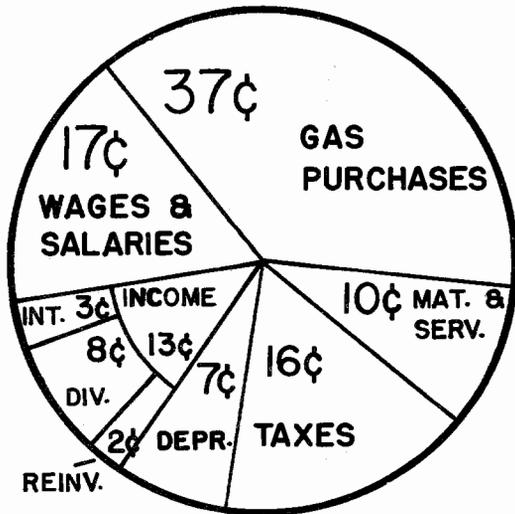
PRIVATE UTILITIES



TELEPHONE

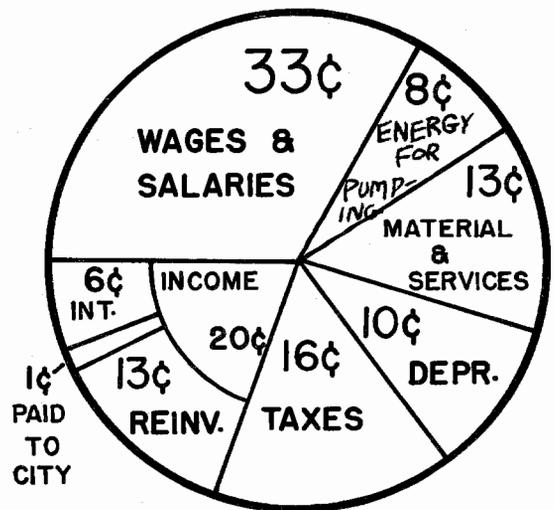


GAS



WATER

MUNICIPAL UTILITIES

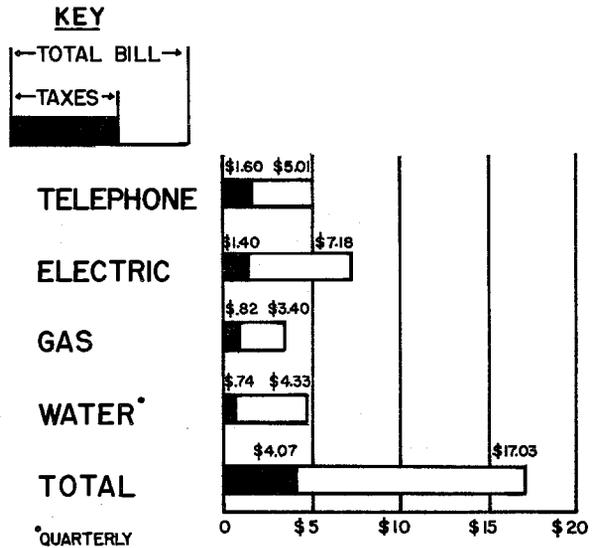


TAXES INCLUDED IN TYPICAL UTILITY BILLS OF MADISON HOMES

1959 DATA

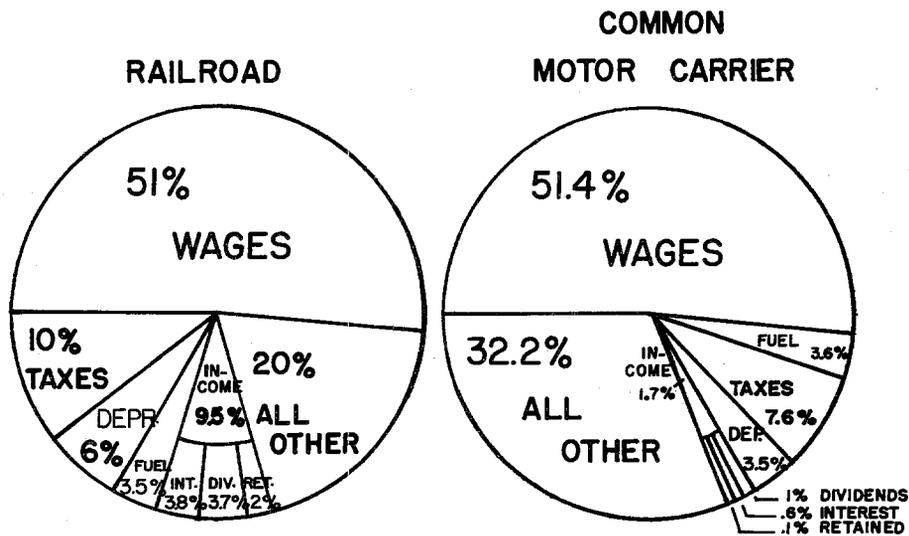
Increasing costs also add to the cost of construction and to the rate base on which allowable returns are computed. Further, the additional cost of plant results in higher depreciation charges and property taxes.

Taxes are an operating expense not to be overlooked. A rate increase by broadening the income tax base, necessitates still more income to cover the additional taxes involved. For example, in an August 1958 electric rate case, it was found that, principally due to the effect of state and federal taxes, an operating revenue increase of \$4,288,000 was required to provide a net income increase of \$1,936,000.

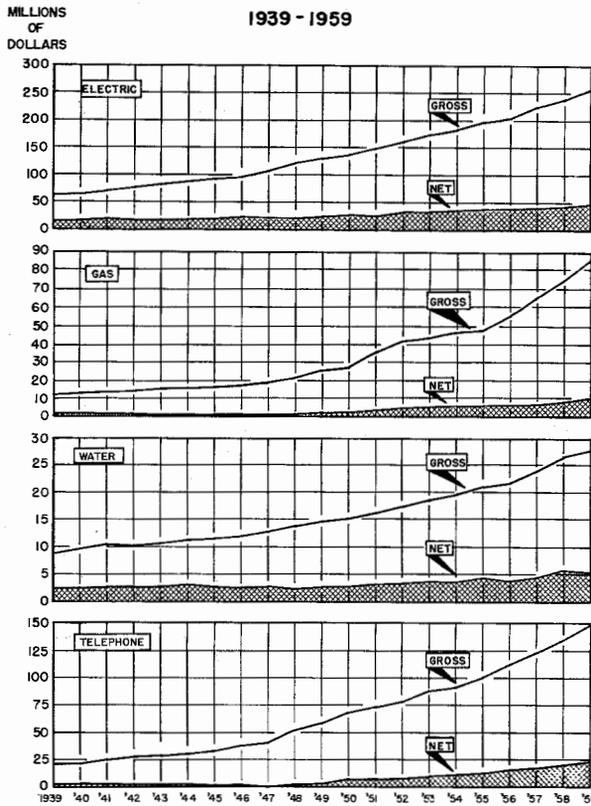


THE TRANSPORTATION REVENUE DOLLAR

1959 DATA



**GROSS AND NET OPERATING REVENUES
PUBLIC UTILITIES OPERATING IN WISCONSIN**



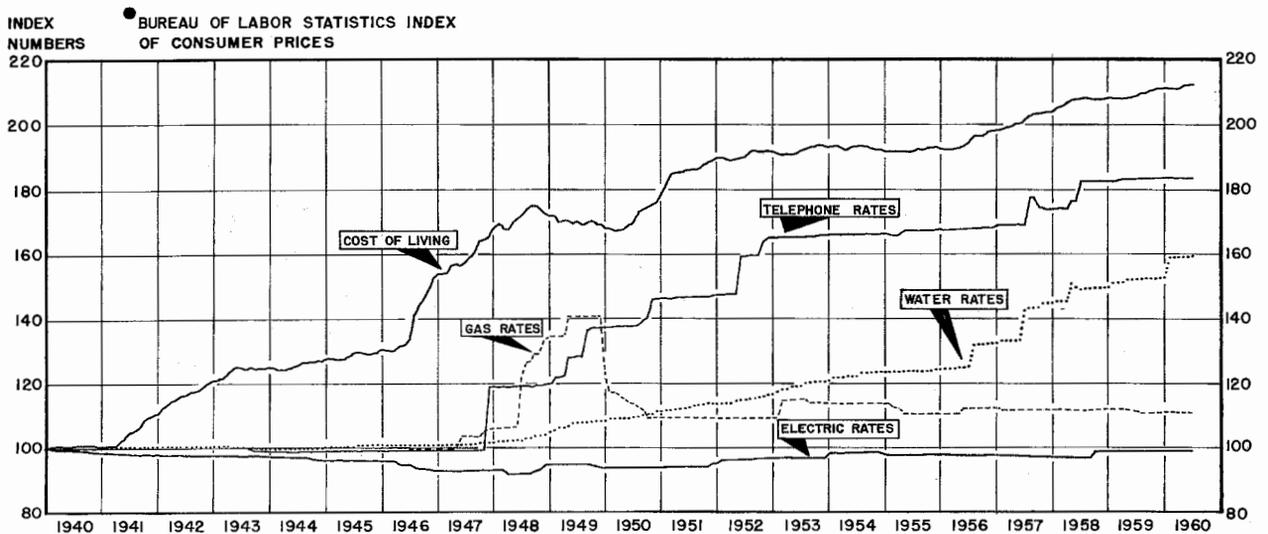
Utility services are so basic to the health and welfare of the community that they have come to be taken for granted. The availability of adequate service and facilities can only be guaranteed by an equally adequate and relatively stable net income to cope with the trend of more people wanting more and better service at the same time that the cost of providing this service is increasing. Note on the graph, the mounting revenues necessary to provide that net income.

Utility Rates

Regulated Wisconsin utility rates lie well below the U.S. cost-of-living curve (See graph below).

However, the response to demand, supply, and rising expenses varies according to the operating characteristics of each type of utility.

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

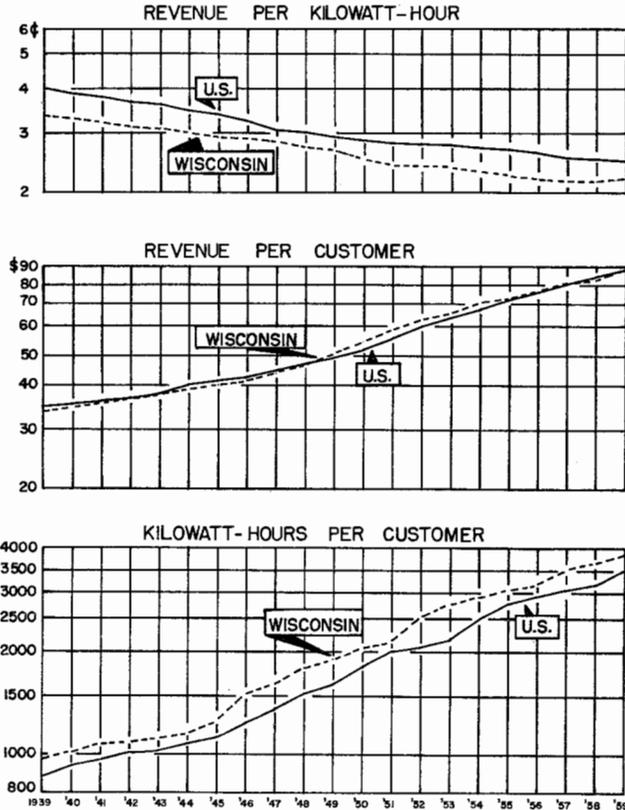


Largely because mass production and high volume are especially advantageous to power production and use, electric rates have never risen above the 1939 base. Technical advances in the design of steam generating plant have contributed to the low cost of producing power, while the increasing number of interconnections facilitates its economical use.

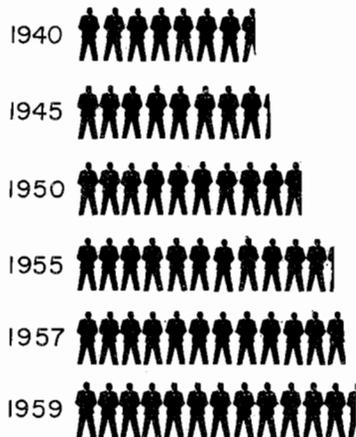
The 1949 downward plunge in gas rates is due to the introduction into the state of quantities of natural gas which is cheaper than manufactured and liquefied petroleum gas (see graph on page 4). The retail charges for natural gas are affected by action of the Federal Power Commission which has jurisdiction over wholesale rates.

Though not enjoying the operating advantages of high volume production to the same extent as electric and gas utilities, the telephone and water utilities are, nevertheless, faced with soaring demands for more service, and the consequent need for plant expansion.

ELECTRIC RESIDENTIAL REVENUE and CONSUMPTION RATIOS
WISCONSIN and UNITED STATES 1939-1959
(Ratio Scale)



ELECTRIC UTILITY CUSTOMERS IN WISCONSIN
1940 - 1959
| SYMBOL = 100,000 CUSTOMERS

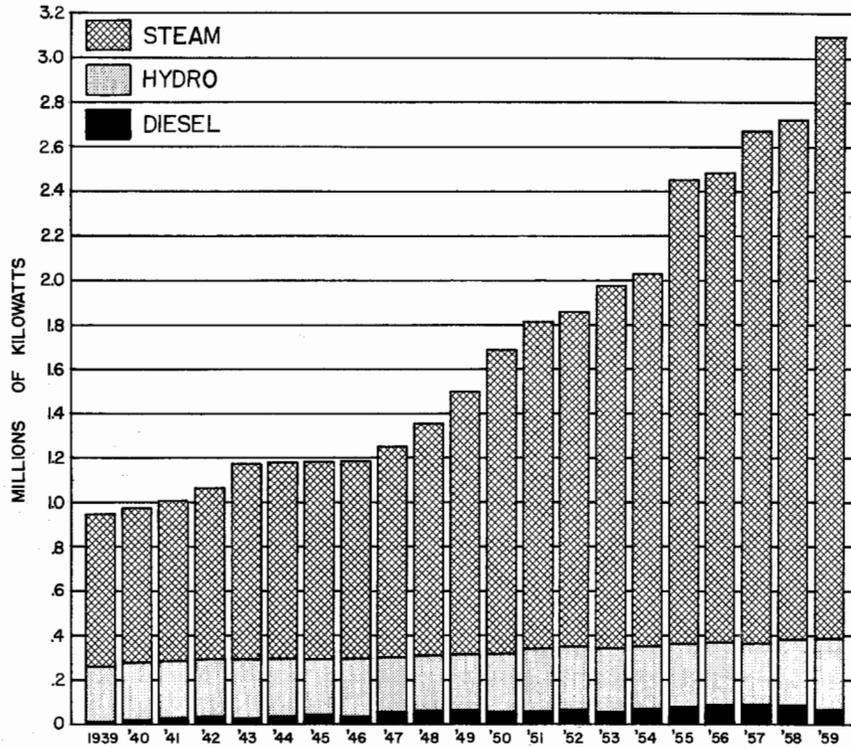


ELECTRIC UTILITIES

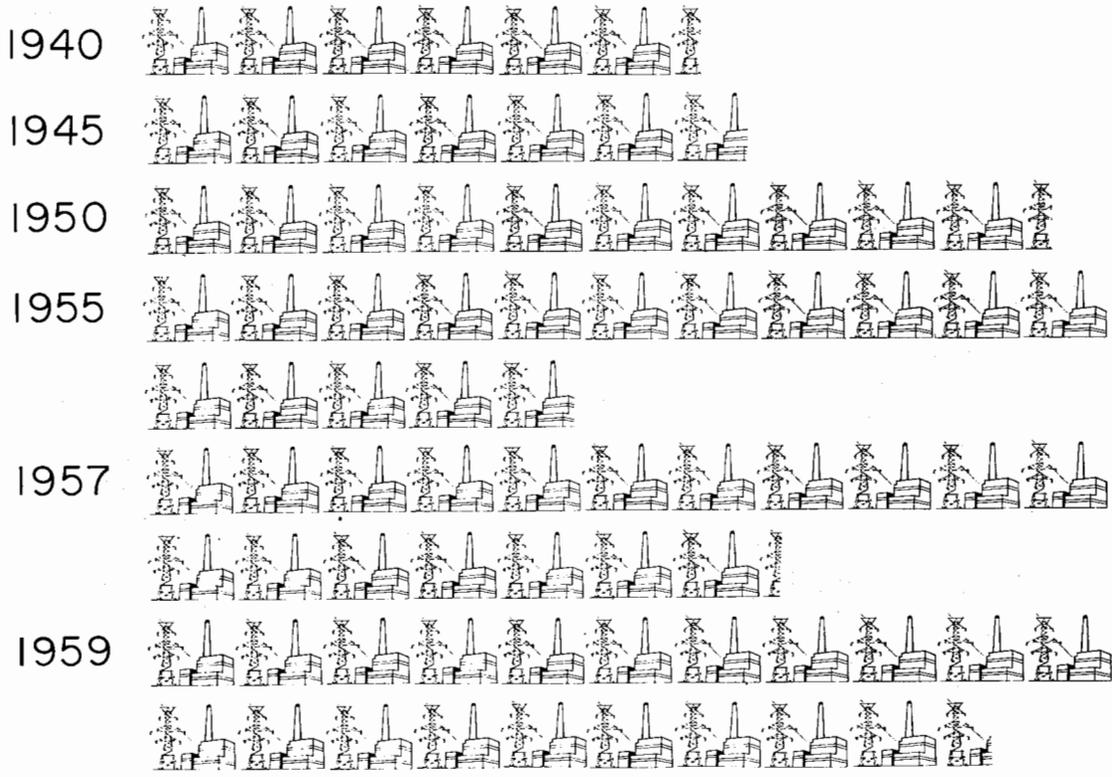
Plant

During the biennium, 35 certificates of authority were issued to electric utilities, authorizing a total expenditure of \$77,533,860 for plant additions. Included were 8 authorizations for new interconnections, 3 for diesel electric generating units totaling 6,750 kw. capacity and 3 for steam electric units totaling 394,000 kw. capacity, one of which was the sixth unit (estimated cost, \$41,834,000) at the Wisconsin Electric Power Company's Oak Creek plant.

ELECTRIC GENERATING CAPACITY OF UTILITIES
IN WISCONSIN
1939 - 1959

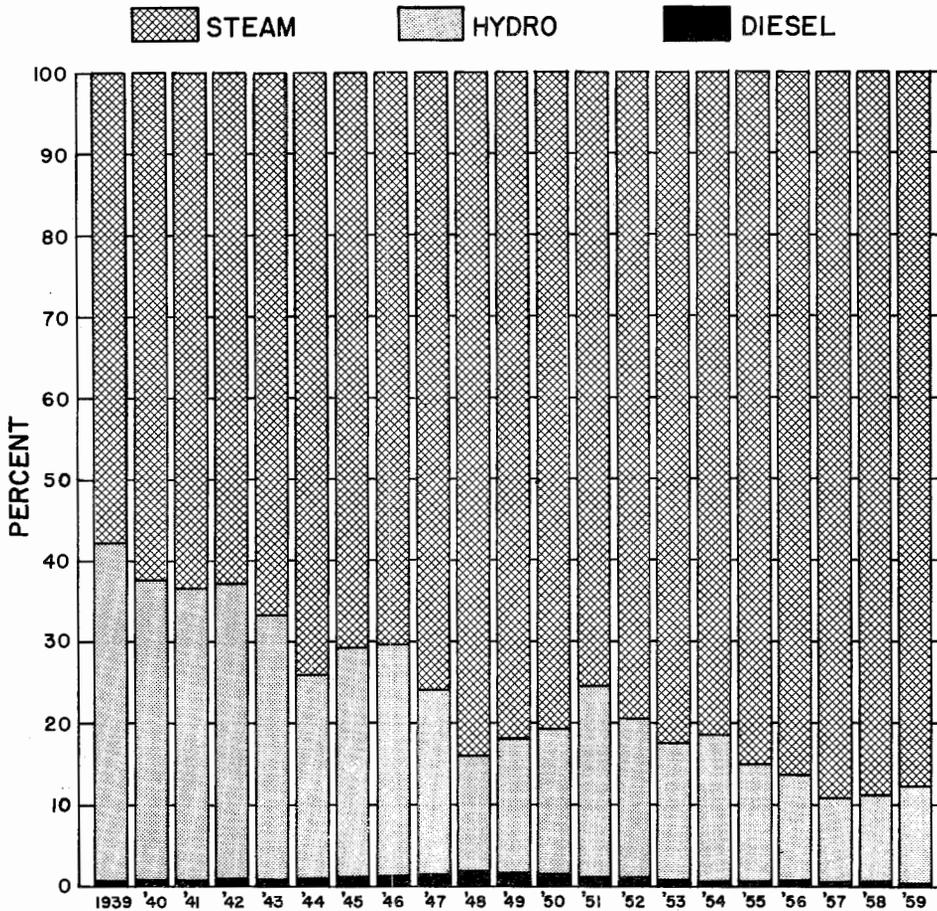


ELECTRIC PLANT IN SERVICE IN WISCONSIN
1940 - 1959
1 SYMBOL = \$50 MILLIONS



DATA REFERS TO ELECTRIC PUBLIC UTILITIES

KILOWATT HOURS GENERATED BY UTILITIES IN WISCONSIN
 PERCENTAGE DISTRIBUTION BY TYPE OF GENERATION
 1939 - 1959



Rates

An August 1, 1958 order authorized a rate increase to provide a 6% over-all rate of return for Wisconsin Electric Power Company. The revenue increase required of retail customers was diminished by \$473,000, the amount by which the company undercharged its subsidiary (Wisconsin Michigan Power Company) for energy sold under dump-steam and emergency rates which were unrealistic to the service sold. (43 PSCW 352)

In denying the Wisconsin Michigan Power Company's application for increased Wisconsin retail rates, the Commission allocated costs according to the three jurisdictions involved: Service in Michigan under that State's Commission, service in Wisconsin under this Commission, and resale rates under the Federal Power Commission. Whereas the company had estimated the cost of equity capital as 11%, the Commission regarded 9.75% as a more reasonable figure. Since Wisconsin-Michigan obtains its equity capital from its parent, Wisconsin Electric Power Company, it was considered reasonable to use the parent company's cost of equity capital. (2-U-5079-April 22, 1960)

A \$34,400 over-all reduction of annual income resulted from the authorization of Wisconsin Power and Light Company's proposed rate schedule designed to simplify its rate structure and to eliminate possible discrimination. (44 PSCW 477) Hearing and formal order were necessary in this case because, while most customers benefited from the rate revision, the rates to a few customers were increased. When a change in rates is completely and wholly a matter of reduction, Commission approval can be given without hearing and formal order.

After formal investigation of excessive earnings, the Black Earth municipal utility was ordered to apply new rates which would reduce the rate of return from 10.1% to 6%. (44 PSCW 474)

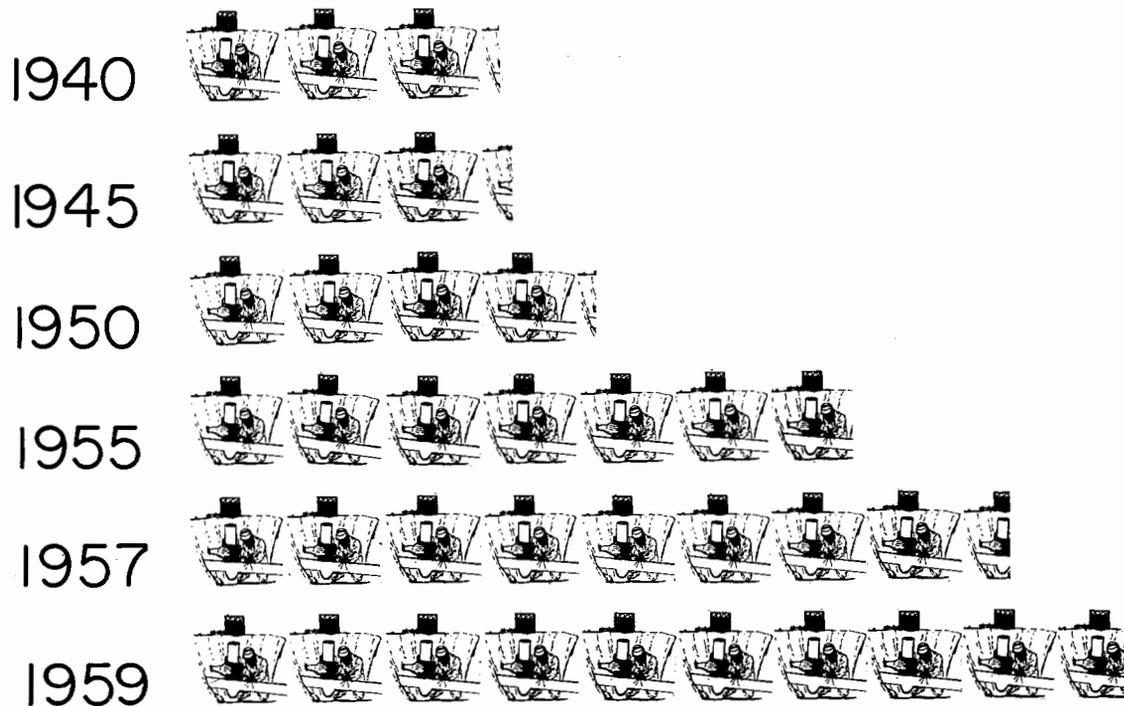
Service

The Wisconsin Power and Light Company was authorized to add an additional block to residential rates to provide a lower rate for consumption exceeding 1,000 kilowatt-hours a month. In practice, this will apply chiefly to electric space heating. There is an awakening of interest in this type of heating in Wisconsin. Most of the large companies have either special space-heating rates or an All Electric Residential Service Rate or, in some cases, a regular rate sufficiently low to be attractive for heating. (43 PSCW 426)

In the past biennium there was one, in this biennium three, declaratory rulings dealing with disputes as to whether a utility or a cooperative had the right to serve certain premises.

GAS UTILITIES

**GAS PLANT IN SERVICE IN WISCONSIN
1940 — 1959
1 SYMBOL = \$20 MILLIONS**



DATA REFERS TO GAS PUBLIC UTILITIES

Natural Gas

Except for seven communities in the state (Sparta, Tomah, Portage, Baraboo, Platteville, Monroe, and Rhinelander), most of the communities having gas public utility service are now served with natural gas, are in the process of obtaining natural gas, or have reasonable assurance that they will be connected with the next year or so.

In addition, natural gas is, or is about to be, extended to many cities, villages, and towns which have never previously been served by a gas utility. Such communities are indicated by an asterisk (*) in the following list of certificates of authority issued during this biennium, approving plant construction for natural gas service.

UTILITY	DATE PLANT AUTHORIZED	CITY OR VILLAGE	COUNTY
City Gas Co.	6/16/60	Antigo	Langlade
Milwaukee Gas Light Company	10/27/59	*Lannon *Sussex	Waukesha
Northern States Power Co.	8/25/59	Hudson North Hudson	St. Croix
	3/24/60	La Crosse	La Crosse
	5/20/60	*Onalaska Eau Claire Chippewa Falls Menomonie *Altoona	Eau Claire Chippewa Dunn Eau Claire
Superior Water, Light and Power Co.	9/24/59	Superior	Douglas
Winnebago Natural Gas Corporation	3/ 4/60	*Clintonville *Embarrass *Weyauwega *Gillett *Oconto Falls *New London *Seymour *Bear Creek *Hortonville *Columbus *Fall River *Shawano *Bonduel *Sun Prairie *Waterloo	Waupaca Oconto Outagamie Columbia Shawano Dane Jefferson
Wisconsin Fuel and Light Co.	2/18/60	Wausau *Schofield *Rothschild *Brokaw	Marathon
Wisconsin Natural Gas Company	2/27/59	*Wind Point	Racine
Wisconsin Power and Light Co.	7/31/59	*Horicon *Mayville	Dodge
	4/29/60	*Juneau	
	5/12/60	*Rosendale	Fond du Lac
	6/10/60	*Oakfield	
Wisconsin Public Service Corporation	6/20/60	Marinette Peshtigo Stevens Point *Park Ridge *Whiting *Oconto	Marinette Portage Oconto

The quantity of new service in towns (not shown in the preceding listing) from a pipeline going through an area depends on whether the area is predominantly rural with relatively few customers, or essentially urban in density of population.

Natural Gas -- Supply

The bulk of the \$23,598,789 plant additions authorized in the 30 certificates of authority issued gas utilities in the biennium is related to natural gas service.

Relief from the chronic shortage in the supply of natural gas in Wisconsin finally arrived early in 1960. Michigan Wisconsin Pipe Line Company, the principal supplier of natural gas to Wisconsin utilities, considerably increased its sales capacity by obtaining new supplies from the LaVerne area in Oklahoma and from its affiliate, American Louisiana Pipeline Company.

Additionally, on or about November 1, 1960, Michigan-Wisconsin will obtain a supply of Canadian gas of approximately 158,000 Mc.f. daily. This gas will be transported by a new pipeline, Midwestern Gas Transmission Company which, by November 1, 1960, will have completed construction of a pipeline from Emerson, Manitoba to Marshfield, Wisconsin. Midwestern will also provide the natural gas requirements of Northern States Power Company at Eau Claire, Chippewa Falls and Menomonie.

During the biennium, Northern Natural Gas Company for the first time became a source of natural gas in Wisconsin when, in the latter part of 1959, it began supplying gas to Superior, Hudson and North Hudson and, in October 1960, to the La Crosse area.

Natural Gas Pipeline Company of America will, by late 1960, have completed the construction of new facilities making additional quantities of natural gas available to Wisconsin Southern Gas Company, its sole customer in Wisconsin.

The influx of new supplies of natural gas into Wisconsin, together with a change in the form of rate applied by Michigan Wisconsin Pipeline Company, has made it possible for the Commission to rescind its previous orders, limiting the connection of gas space-heating and large-industrial users. The connection of such customers is free of governmental restriction, either federal or state, for the first time since the introduction of natural gas into Wisconsin in the late forties.

Furthermore, the additional supply and the change in rate form by Michigan-Wisconsin open up new avenues for expanded use of natural gas for industrial purposes which were heretofore greatly restricted.

A still further expansion in the supply of natural gas in Wisconsin is now under consideration by the Federal Power Commission. The proposal involves an application by Northern Natural Gas Company to build a line from East Dubuque, Illinois, to Janesville, Wisconsin, at which location it proposes to sell 75,000 Mc.f. daily to Michigan Wisconsin Pipeline Company. A decision on this application is expected either late in 1960 or early in 1961, and if favorable, the new supply will be made available in 1961.

There are one or more rate increase applications pending before the Federal Power Commission on each of the existing pipeline supplies of natural gas in this state. Some of these increased rates are now in effect under bond.

The Public Service Commission frequently appears before the Federal Power Commission for the purpose of protecting or advancing the interests of Wisconsin consumers.

Rates -- Orders

The annual reduction of gas utility income effected by rate decreases approved during 1958, 1959, and the first 6 months of 1960 amounts to \$1,143,384.

In most instances, the rate revision involved no increased rate to any customer and, therefore, no formal hearing or order was necessary. However, though only the very few customers using 500 cubic feet or less per month were adversely affected, three formal orders issued subsequent to authorization of conversion to natural gas indicated substantial annual savings to consumers in

Hudson and North Hudson	-----	\$ 13,000
La Crosse	-----	180,000
Eau Claire, Chippewa Falls, and Menomonie	-----	95,600

While in each of the three orders cited, the authorized new rates are estimated to yield sub-standard earnings in the initial years of natural gas service, the company anticipates that rapid growth in sales will bring the rate of return to 5.5% or over by the end of the third year of such service.

Propane-Air Gas

Gas utility service (a propane-air mixture) was discontinued in the cities of Ashland (44 PSCW 487) and Hurley (44 PSCW 399) where the number of customers and quantity of service had so seriously declined that each of the supplying companies had operated at a substantial loss in recent years. The utilities assisted customers in meeting the cost of converting to bottled gas or electricity.

Administrative Code

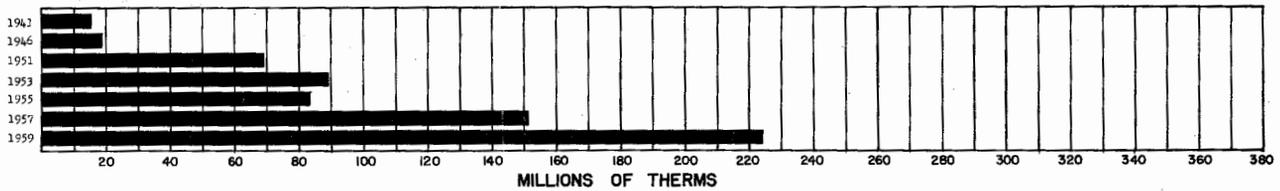
Two Chapters of the Wisconsin Administrative Code were repealed and recreated in 1959:

Chapter PSC 133 Construction, Installation, and Placing in Operation of Facilities by Gas Utilities

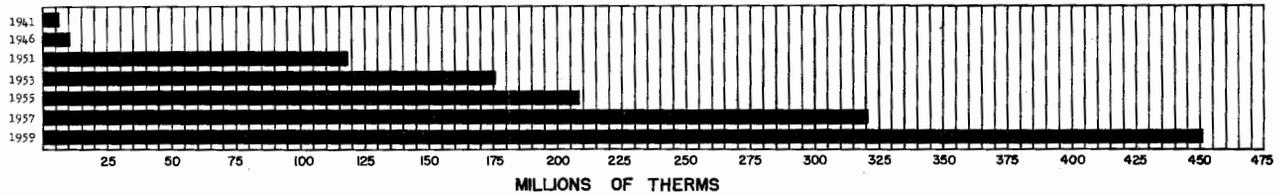
Chapter PSC 134 Standards for Gas Service

WISCONSIN GAS UTILITIES

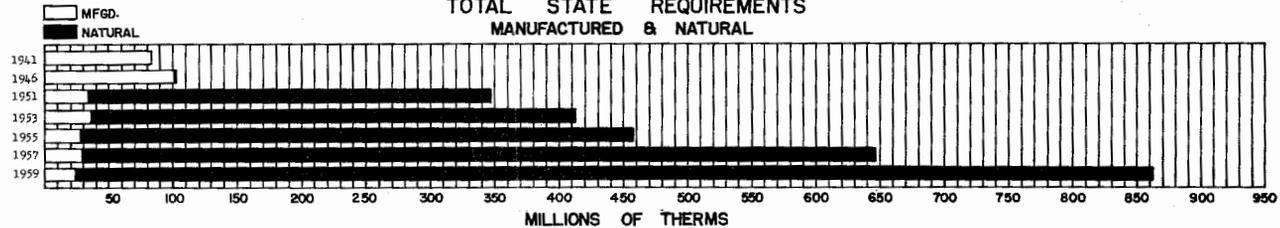
INDUSTRIAL USE



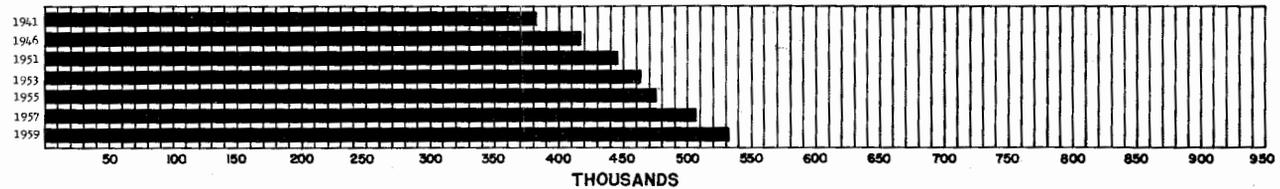
SPACE HEATING USE



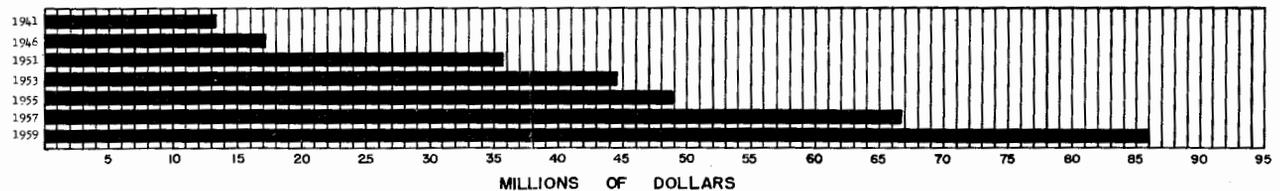
**TOTAL STATE REQUIREMENTS
MANUFACTURED & NATURAL**



NUMBER OF CUSTOMERS



OPERATING REVENUES



TELEPHONE UTILITIES

Service

The population shift to the suburbs, accompanied by social and business ties in the old and the new locale, and the prevalence of offices and manufacturing plants in other than urban centers have intensified the interrelationship between rural areas, villages and cities and have greatly expanded the need for communication within larger areas than previously demonstrated a "community of interest."

This need can be met by extended-area telephone service when it can be shown that toll-free service between exchanges is to the advantage of the majority of the subscribers, rather than to a relatively few persons who would enjoy the service at the expense of all the subscribers. The demand for such service is ascertained sometimes by a canvass of customer preference, sometimes by a study of toll calls between the exchanges.

Such a study having demonstrated a "community of interest," the Wisconsin Telephone Company was authorized to institute Stoughton-Madison extended-area service, thereby adding about 50,000 telephones to the toll-free calling area of the Stoughton exchange. The loss of \$23,000 in annual toll revenues was partially offset by raising Stoughton rates to the level at the Madison exchange.

That same order (2-U-5328--April 12, 1960) was also one of several authorizing the discontinuance of four-party urban residence service. In some exchanges the demand for four-party service had declined to the point that it was impossible to maintain full line fills, so that many subscribers who were paying four-party rates were actually getting one-, two-, or three-party service. In Stoughton, for example, only 22 (or 26.2%) of the 84 four-party lines actually served four parties. In Milwaukee, over 50% of the four-party customers were receiving one- or two-party service. Discrimination results from such situations, but it can be eliminated by discontinuance of four-party service.

A development new to this biennium is the establishment of rural zone rates increasing proportionately with the distance from the urban exchange area. In these zones, usually four (or less) in number, one- and two-party business and one-, two-, and four-party residence service is provided in lieu of the previous multiparty service billed at a flat rate, without any consideration to costs incurred in providing additional mileage of plant.

The first of such rates was authorized by the previously mentioned order (2-U-5328--April 12, 1960) to apply to the Stoughton exchange of the Wisconsin Telephone Company. There was only one other similar order (this in the Kewaunee area) before June 30, 1960, but orders and applications subsequent to the close of the biennium indicate a definite trend in response to many so-called rural areas requiring more appropriately upgraded service as they approach suburban characteristics.

A population shift is never an orderly attack on service boundaries. In the past two years, there have been more than the usual number of instances where petitioners desired extension of direct service from a telephone exchange other than the one in whose service area they reside. The facts of the case supported granting some of the petitions, but care was exercised to avoid uneconomical duplication of facilities or unnecessary disturbing of filed service area boundaries; to preserve small companies where loss of customers would create difficulties for the company and its remaining customers; and to ascertain the desirability of extended-area service.

In other instances, the solution was foreign exchange service, the principal function of which is

. . . to meet the private convenience of a limited number of subscribers requiring service from an exchange other than the one in which they are located, such service to be at premium rates and upon assumption of certain construction cost obligations. No adjustment of service boundaries is involved.

EXTENDED-AREA SERVICE IN WISCONSIN

Year	Percent of Exchanges with Extended-area Service to Total Exchanges
1950	45%
1955	50
1958	63
1959	69

Conversion to dial telephone service continues apace. However, as the following tables suggest, the conversion is now chiefly of smaller exchanges, so that the increase in percentage of telephones affected is tapering off more rapidly than the increase in percentage of dial exchanges.

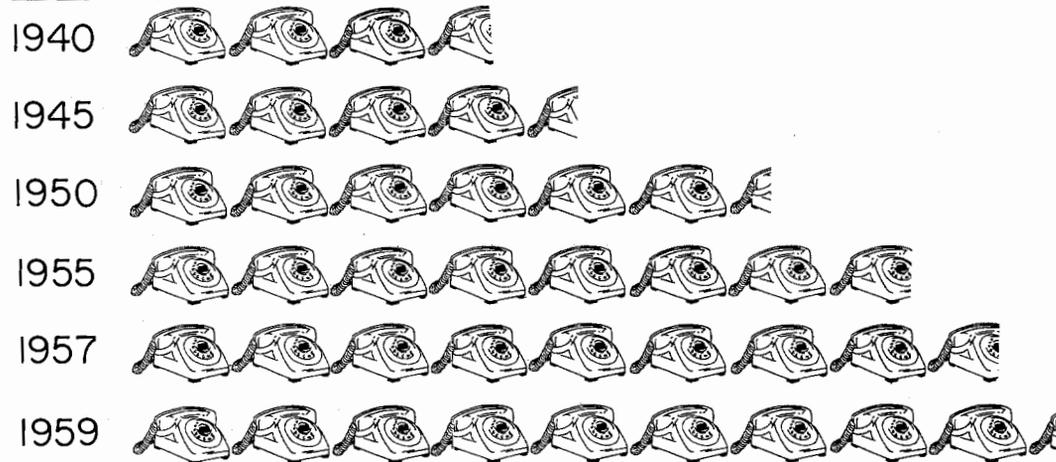
DIAL TELEPHONE SERVICE IN WISCONSIN

Year	Percent of Dial Exchanges to Total Exchanges	Year	Percent of Dial Telephones to Total Telephones
1950	26%	1950	67%
1955	38	1955	76
1958	55	1958	84
1959	62	1959	86

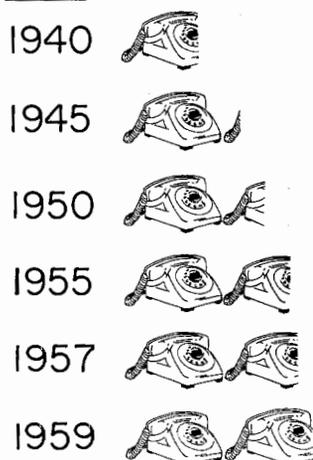
URBAN & RURAL MAIN TELEPHONES IN WISCONSIN 1940 - 1959

1 SYMBOL = 100,000 TELEPHONES

URBAN

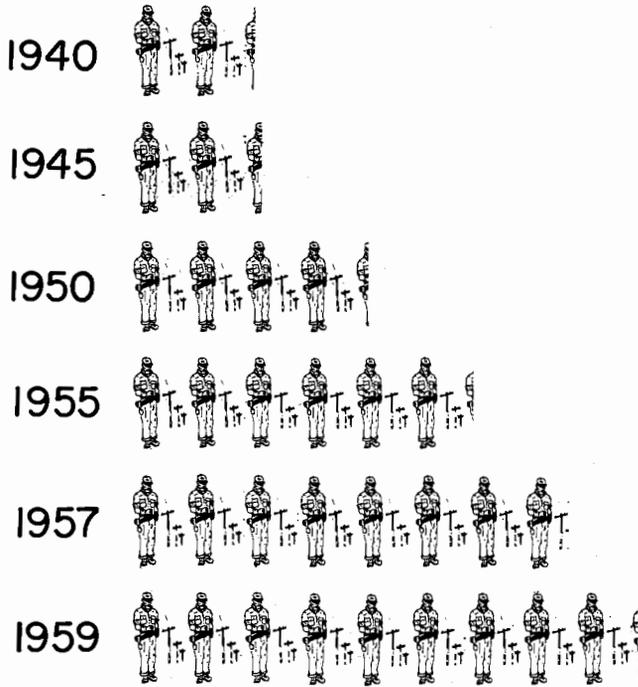


RURAL



TELEPHONE PLANT IN SERVICE IN WISCONSIN 1940 - 1959

I SYMBOL = \$50 MILLIONS



DATA REFERS TO TELEPHONE PUBLIC UTILITIES

Plant -- Rates

All this conversion, extension, and improvement of service requires expenditures which, in turn, add to the rate base on which the rate of return is computed and to such expenses as depreciation.

These facts, and the rising cost of labor and materials, have necessitated increases in telephone rates. The Commission continues to apply the principle that

Each exchange and major classification of service should stand on its own feet and in no event be subsidized by excessive rates imposed on other classifications or exchanges. However, without invading municipal rights, rates (and rates of return) may vary within a zone of reasonableness limited by the lowest rate that is not confiscatory and the highest rate that is not excessive or extortionate. (43 PSCW 309)

In addition to the \$18,880,679 plant construction or rehabilitation authorized by the 66 certificates of authority issued to telephone companies in the biennium, three companies (Wisconsin Telephone Company, General Telephone Company of Wisconsin, and La Crosse Telephone Corporation) submitted gross construction budgets for 1959 and 1960 which totaled \$87,631,585.

Many small companies are unable to raise the capital to improve and expand plant to meet the demand for more and better service. During the biennium, 84 telephone companies abandoned operation upon the assumption of service by the acquiring companies.

The enumeration below includes switching companies, some of which were started many years ago by a small group of farmers.

TELEPHONE COMPANIES IN WISCONSIN	
Year	No. of companies
1940	746
1944	720
1948	601
1952	498
1956	407
July 1, 1960	314

WATER UTILITIES

Plant Additions

Large expenditures of money have been necessary to provide adequate facilities to satisfy the rising demand for public utility water service. A tabulation of certificates of authority for plant construction shows

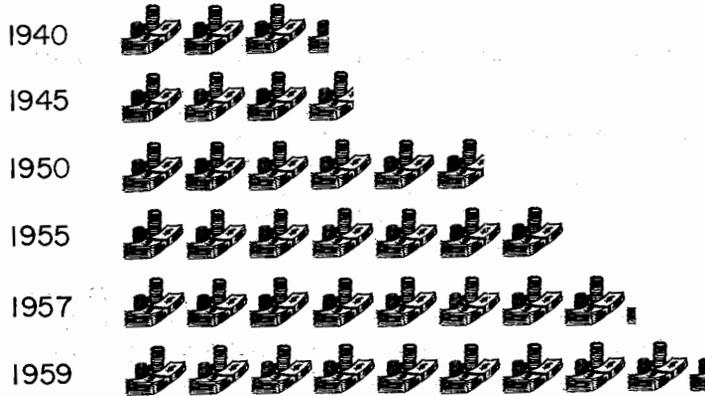
Number of certificates		
74	Additional plant	\$22,809,663
12	New municipal utilities	1,268,389
1	New private utility	37,318
87		\$24,115,370

WISCONSIN WATER UTILITIES

1940 - 1959

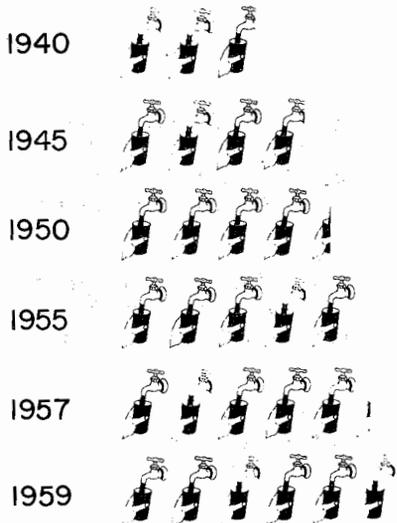
OPERATING REVENUES

| SYMBOL = 3 MILLION DOLLARS



WATER PUMPED

| SYMBOL = 25 MILLION GALLONS



The above does not include millions of dollars expenditure (chiefly mains) approved under the statutes and Commission rules by other than formal certificates of authority. Since not all plant construction is completed in the same biennium as authorized or approved, the "accomplished fact" is indicated by the cost of plant actually in service rising from approximately \$213,544,000 in 1957 to over \$244,568,000 in 1959.

The financing of much greater than ordinary plant additions and replacements, in the case of the Platteville water utility, justified a 6.2% return; however, after said plant is in service and properly added to the rate base, the return will decline to the 5.5% usually considered adequate for municipal water utilities. (44 PSCW 404)

When an area in which public water utility service had never been available was annexed to Monomonee Falls, the village water utility, faced with large expenditures for facilities in that area, asked that financing by mortgage revenue bonds be facilitated by authorization of rates to apply when the construction program of over \$625,000 was substantially completed and includible in the rate base. The request was granted by order of December 21, 1959 (44 PSCW 639).

The intensive population growth in suburbs and other areas beyond city limits precipitates problems more intricate than the obvious requirement of extension of mains.

Annexation -- Service Outside City

In one Milwaukee water utility case, provision was made for the refund to petitioners for service of the difference between the suburban and city assessment rate if the contested annexation of the area involved (part of the town of Greenfield) is settled in favor of Milwaukee. (2-U-5024; 44 PSCW 254)

A February 4, 1960 order authorized Wisconsin Power and Light Company to require customers beyond Beloit city limits to contribute the entire cost of main extension to them, provided that if such customers reside in an area subsequently annexed to the city, the equivalent of the 50-foot free limit (now applicable to extensions within the city) be refunded to them.

Most water utilities serving premises beyond city limits impose a surcharge on such service. As was pointed out in an authorization of a 25% surcharge to be applied by the Ellsworth sewer and water utility:

Outside customers who pay no part of the public fire-protection charge should not share in the benefit in the form of lower general-service rates resulting from joint use of mains and other facilities . . . The location of outside customers at the extremities of the water system and for the most part on dead-end mains increases the cost of service. (2-U-5314-- March 10, 1960)

In dismissing a petition for water service to residents of the Hillside Addition, the Commission found that the city of Sheboygan

. . . has never indicated a holding out of water service to the Hillside Addition except to those customers abutting on the city limits where the city boundary follows a street and where a water main is in place to serve city residents along such street. (43 PSCW 588-9)

As the Commission has often pointed out, a utility's obligation of service may arise (1) under its acquiring an indeterminate permit, (2) by express contract to serve, or (3) by acts from which an intention to serve may be inferred. In the absence of an obligation to serve, a utility may refuse service outside city limits. However

Without Commission approval, a municipal utility may not, by city ordinance or other action, limit the scope of or the obligation of service in an area where it already has an obligation to serve. (44 PSCW 135, 617)

Fox Point, Whitefish Bay, Glendale -- Water Supply

On January 29, 1959, the Public Service Commission issued a certificate of authority in Docket No. CA-3582 to Fox Point and Whitefish Bay water utilities and the city of Glendale as a proposed water utility to "construct, install, operate, and maintain a water supply system . . ." (44 PSCW 92, 106). A permit to construct a water intake structure in Lake Michigan was issued in Docket No. 2-WP-1232 (44 PSCW 121).

The order in Docket No. CA-3583 (44 PSCW 110) authorized the city of Glendale to operate as a water public utility and to construct a water distribution system. By order in Docket No. 2-U-5050 (44 PSCW 118), the Commission denied the application of the Milwaukee Water Utility to extend its service area into the city of Glendale, concluding

That the city of Glendale has the right to make the initial determination subject to any needed Public Service Commission approvals or requirements so as to obtain water utility service for its inhabitants in the manner which it deems best

That the city of Milwaukee has no grant, franchise, or indeterminate permit to provide water utility service in the city of Glendale.

An attempt of the Milwaukee water utility to review the four orders above mentioned was rejected by a June 28, 1960 decision of the Supreme Court of Wisconsin in *City of Milwaukee as a Water Public Utility v. P. S. C. of Wis.* (11 Wis. (2d) 111) on the ground that the Milwaukee water utility was not a party aggrieved in the contested case.

Glendale strongly opposed Milwaukee service. One of the principal objections of Fox Point and Whitefish Bay was the restrictions on lawn sprinkling which have been imposed by Milwaukee. Both villages are almost entirely residential and large lawns are the rule rather than the exception. The ratio of peak to average hour use is substantially greater if lawn sprinkling is unrestricted. However, said the Commission, if the customers desire such "extraordinary" service and are willing to pay the costs resulting from it, they should be permitted to have it.

Milwaukee protested the loss of Fox Point and Whitefish Bay as wholesale customers. In a March 4, 1959 order (44 PSCW 109) denying the Milwaukee utility's application for rehearing, the Commission said

. . . from the very beginning of the concept of public utility service, the obligations of the utility to serve and of the customers to take service have not been commensurate with each other. Any customer lying within a utility's profession of service has a continuing right to receive service, and the utility a corresponding continuing duty to furnish such service under reasonable terms and conditions. However, the ties that bind the customer to the utility are much less secure. Lacking contract obligations, any customer, be he small residential, large industrial, or a public or private utility resale customer, is free to discontinue service at will.

* * * * *

Any apparent inconsistency in the relative service obligations of a utility and its customers is found in the law and is not to be remedied by any action before this Commission.

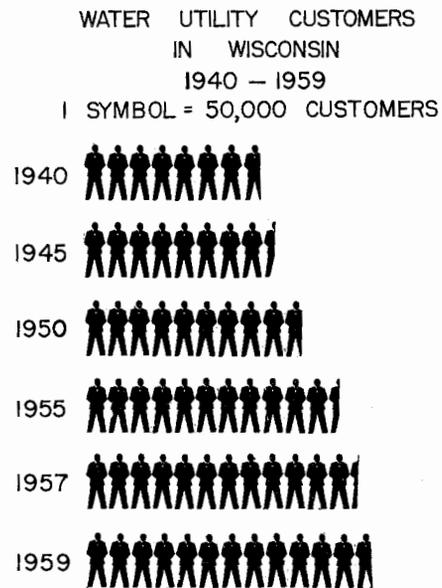
Milton Junction Service

A 1959 order (44 PSCW 378) authorized Milton Junction to construct and operate a well, pumping station, and storage reservoir. Regarding the village's discontinuing wholesale service from the Milton utility, the Commission found that when consideration is given to the substantial reduction in the Milton utility's cost of power for pumping, the loss of its wholesale customer will not precipitate a rate increase, since Milton has had net revenues in excess of what is usually considered a reasonable return for a water utility. It was also noted that if the proposed interconnection is maintained between the two utilities, each community will have the other as an emergency supply source.

Real Estate Developments

The circumstances of water service in real estate developments vary greatly as these examples show.

Brookfield water utility was authorized to accept the dedication of the waterworks system being constructed by the developer of the Cardinal Crest Subdivision and to pay the differential between the developer's proposed mains and the larger main required by the city. Since the Subdivision is located entirely within city limits, the city has not only the authority but also the obligation to serve the area. (CA-3791--January 8, 1960)



In another case (CA-4816--January 26, 1960), the Commission dismissed petitions asking for a continuation of service by the Security Acres Subdivision water supply system in the city of

Franklin which has no water utility. The Commission has no jurisdiction to regulate the operation of this supply system which, under a Trust Agreement, is owned by and limited to serving only the 90 lot owners of the Subdivision. Previous extension of service to the petitioners was a breach of contract and could not be regarded as an offering of public utility service.

Sanitary Districts

In some cases, a town sanitary district renders water and/or sewer service in a built-up area. The Crestview Sanitary District, town of Caledonia, Racine County, was authorized to construct a 100,000-gallon reservoir in order to provide adequate service in an area where there are now 160 homes but where rapid development in the near future is expected to increase the number to 1,000.

Part of the Waunona Sanitary District No. 2, town of Blooming Grove, borders the city of Madison from which the District purchases water under a wholesale contract including a clause which provides that the city will not furnish water for resale to any area not a part of the District on August 25, 1952. There has been discussion of enlarging the District, but no petitions for annexation are in evidence. The Commission denied the District's application to construct a well, storage facilities, and associated facilities estimated to cost \$60,000. Operating its own water system, the quantity of water for which it would pay \$3,850.64 (the annual charge for year ended September 1959) would cost applicant \$5,359. Further, its own system would be inferior as to quantity, pressure, and reliability.

Rates

Faced with operating expenses and construction costs associated with the rapidly rising demand, water utilities have required rate increases. Many rate schedules have added standby charges applicable to property not connected but for which facilities have been made available, and surcharges for nonconservant airconditioning, imposing penalty charges on use of equipment not designed for specified reuse of water.

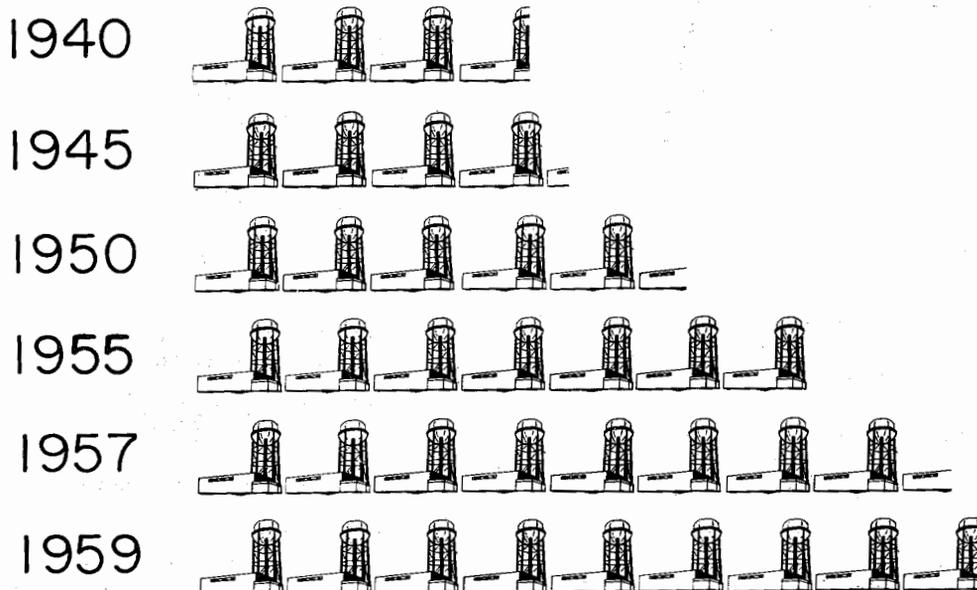
Sewer Utilities

Of the 445 water utilities in the state, 428 are municipally owned. According to a 1949 statute (section 66.077), any town, village or city of the fourth class owning a waterworks plant and a plant for the treatment or disposal of sewage may by ordinance combine the two into a single utility, at which time sewage rates and service come within Public Service Commission jurisdiction. A total of about 75 such utilities are now regulated by the Commission.

WATER PLANT IN SERVICE IN WISCONSIN

1940 - 1959

1 SYMBOL = \$25 MILLIONS



DATA REFERS TO WATER PUBLIC UTILITIES

SECURITIES -- ACCOUNTING UTILITIES

Security Issues

Under the provisions of Chapter 184, Statutes, a public service corporation must obtain a certificate of authority from the Public Service Commission before it can issue securities. In general, public service corporations, as defined in section 184.01, Statutes, includes privately owned public utility corporations, but not municipally owned utilities.

During the biennium covered by this report, the Commission considered 65 applications and granted authorizations to issue \$163,480,121 par or face value of securities, proceeds from the sale of which (exclusive of corporate issuance expenses) aggregated \$188,586,604.

Classification of these amounts by types of securities is shown below:

Type of security	Par or face value	Proceeds
Common stock	\$63,472,621	\$88,209,884
Preferred stock	5,000,000	5,000,000
Bonds and debentures	86,075,000	86,444,220
Other debt	8,932,500	8,932,500
Total	\$163,480,121	\$188,586,604

The predominant purpose of these security issues was to supply new capital to the utility industry of the state to finance construction of plant facilities, as is indicated in the following tabulation:

Proceeds used for	Amount
Construction	\$182,058,376
Refunding of outstanding securities	443,142
Stock dividends	5,707,362
Merger or acquisition of property	377,724
Total	\$188,586,604

Security Ratios

The provisions of section 184.05 (4), Statutes, require that "the amount of securities of each class which any public service corporation may issue shall bear a reasonable proportion to each other and to the value of the property."

An order dismissing an application requesting approval of the sale of a telephone company recognized the fact that the consummation of the sale depended on the purchaser, another telephone utility, being authorized to issue an \$11,000 5% promissory note. The mortgage debt (a Rural Electrification Administration loan over which this Commission has no jurisdiction) being already over 100% of the book value of the property, the Commission said

In these circumstances, we cannot find that an addition to such debt would comply with the reasonable ratio provisions of the Statute. (43 PSCW 439)

The next year, a similar application was filed and approved since in this proceeding (44 PSCW 540), the buyer proposed financing the purchase with REA loan funds over which, as was mentioned, the Public Service Commission has no jurisdiction.

In authorizing a rate increase for another telephone company securing its financing from REA, the Commission noted that the ultimate amount borrowed was 83% of the total capitalization. The rate increase, therefore, was conditioned on no cash dividend exceeding 6% annually being declared or paid on common stock until common stock equity is equal to 40% of the total capitalization. (2-U-5226--January 1, 5, 1960)

A survey of the total capitalization of Wisconsin's privately owned utilities shows common stock equity in excess of total outstanding debt securities.

Protection to Purchasers of Securities

Section 184.06 (1), Statutes, reads in part:

Upon the conclusion of its investigation, if the Commission shall find that the proposed issue complies with the provisions of this chapter, and that the financial condition, plan of operation and proposed undertakings are such as to afford reasonable protection to purchasers of the securities to be issued, it shall issue to the corporation a certificate of authority

A September 3, 1959 order denied Winnebago Natural Gas Corporation authority to issue \$100,000 of common stock since the proceeds of the issue were to have been used to pay part of the purchase price of the common stock of Central Wisconsin Gas Company, which price substantially exceeded the reasonable value of said stock, as shown by its earnings record and comparison with Central Wisconsin's rate base as found in a prior proceeding. It was stated in the order:

The Commission believes that the property base for security-issue purposes should bear a close relationship to its rate-base value Certain it is that the Commission cannot find that a property has a value for security-issue purposes which affords reasonable protection to purchasers of securities to be issued when, by the Commission's action in prior proceedings, it has determined a lower value upon which the utility may earn a return. If the Commission were to permit securities to be issued to pay a purchase price for property based on capitalized earnings, the concomitant of such act would be that such capitalized value would be includible in a rate base. The circular reasoning involved in capitalizing earning power in a property base used to measure reasonable earnings is obvious (44 PSCW 499).

Protection to Ratepayers -- Accounting

In two cases* which did not involve a stock issue or the attendant consideration of reasonable protection of purchasers of securities, Commission consent and approval was given to Milwaukee Gas Light Company to purchase the property and assets of People's Gas Company and Central Wisconsin Gas Company, respectively. However, the Commission noted that

. . . it seems clear that the proposed purchase price . . . is predicated primarily upon future prospective earnings under natural gas operations. We do not consider it proper that amounts representing capitalized earnings should be included in a rate base or allowable operating expenses.

Accordingly, the approval was on the condition that the amount by which the acquisition cost exceeded the net original cost of net assets to be bought be charged to Utility Plant Acquisition Adjustments and amortized over a period of not more than five years by charges to income deductions which are not included in operating expenses and, hence, not considered as chargeable to customers in determining rates for service.

Accounting Systems

Wisconsin Statutes require utilities to keep their accounts in accordance with the regulations of this Commission. These regulations are prescribed in Uniform Systems of Accounts containing a comprehensive list of accounts and instructions relating thereto, for the various classes of utilities. Such accounting systems, as modified from time to time, have been in effect in Wisconsin since 1908.

During the biennium, revised systems of accounts were prescribed for municipally owned water and electric utilities. These systems conform in all essential respects to those recommended by the National Association of Railroad and Utility Commissioners for privately owned utilities which, shortly after the end of the biennium, were adopted by the Commission for use by privately owned electric, gas, and water utilities in Wisconsin.

This is the first time the Commission has prescribed separate systems of accounts for municipally owned and for privately owned utilities. It is believed that by this procedure each utility will have only those forms and accounting instructions applicable to its form of organization. As a result, a better presentation of data for each type of utility organization can be obtained with substantial reduction in report size and a resulting saving in filing space requirements.

* 2-U-5293--January 7, 1960 and 2-U-5285--January 15, 1960

Depreciation

Under the provisions of section 196.09, Statutes, the Commission has jurisdiction of the depreciation rates and policies of utilities. In accordance with this statute, the Commission has from time to time formally certified depreciation rates for the larger utilities. In July 1958, a general directive was issued requiring the larger electric and gas utilities to make depreciation studies and to submit their estimate of depreciation rates. A number of such studies have been filed with the Commission and are currently being investigated by the staff.

WATER POWERS

Dams

Between January 1, 1958 and January 1, 1960, public utility and private power dams under 750 theoretical horse power decreased by 24, while the number of dams used for recreational purposes increased by 14. In some cases, instead of abandoning and removing small power dams the operation of which is economically impractical, municipalities or organizations have acquired and will maintain them for the recreational or scenic aspects of the pool.

STATE OF WISCONSIN DAMS January 1, 1960

Public utility dams over 750 THP	53
Industrial power dams over 750 THP	16
Dams used for both utility and industrial power over 750 THP	10
Dams owned by United States Government used for power over 750 THP	10
Dams owned by or leased to cooperatives	5
Public utility dams under 750 THP	66
Dams supplying electric power to utilities under 750 THP	11
Private power dams under 750 THP	87
Dams used for Storage Reservoirs	30
Dams used to control levels of lakes - No power	197
Dams used for recreation - No power	310
Industrial dams - No power	78
Drainage ditch control dams	206
	<hr/>
	1,079

By order of March 10, 1959, the Commission dismissed the application of Northern States Power Company to abandon its Somerset dam and allow it to deteriorate in place in the Apple River. It was pointed out that with the gradual destruction of the dam by the elements, the pond elevation would decline; that deposition due to erosion would be detrimental to lower riparians; and that the dam remains would constitute a substantial and changing obstruction in a navigable waterway. (44 PSCW 206)

In another order, abandonment of a dam in the Mecan River was on the condition that Wisconsin Power and Light Company fill, seed and grade the canal in the vicinity of the dam and remove brush and trees from the river below the location of a connecting ditch. Restoration of natural flow conditions will be beneficial to fishery and wildlife interests. (2-WP-1382--January 7, 1960)

During the biennium there were two Wisconsin Supreme Court decisions involving dams. An October 7, 1958 decision in *Wisconsin Power and Light Company v. P. S. C. of Wis.* (Wis. (2d) 167) affirmed a Commission order of February 4, 1955 (2-WP-932; 40 PSCW 49) requiring the company to so operate its Prairie du Sac dam as to maintain, between May 1 and October 1, a minimum level of 732.2 feet in the Wisconsin River immediately below the dam. Jurisdiction was retained for authorizing other operation or minimum levels during emergency conditions.

A May 22, 1958 Commission order (43 PSCW 237) granted the motion of the State Conservation Commission to dismiss the application of Wisconsin Valley Improvement Company to construct a dam in the New Wood River in Lincoln County. The application was dismissed on the ground that

any permit issued could not be used since the company may not flow state-owned land which is "property devoted to public use" (in this case, 205 acres of a tract managed by the Conservation Commission as a "deer yard" and as a general wild life habitat), and that the company could not legally acquire such land or flowage rights therein by means other than voluntary action of the state.

An April 7, 1959 decision of the Supreme Court (7 Wis. (2d) 120) held that the proper place of review of the above order was the Circuit Court for Lincoln County (rather than Dane County). This Commission appealed the Lincoln County Court's judgment reversing the Commission's order to the Supreme Court which by decision of March 8, 1960 affirmed the order (9 Wis. (2d) 606).

Irrigation

Major use of diverted water is by potato growers, with growers of speciality crops (such as horseradish), truck garden produce, and berries also holding permits. In 1955, a total of 1,062 acres was irrigated under 16 permits. By 1958, 110 permits had been issued to irrigate a total of 6,905 acres. Action in this biennium included

Irrigation permits issued	48
denied	10
revoked	3
vacated	2
rescinded	3

The most common reason for denial of a permit was the fact that the stream is a valuable fishery resource (usually trout) wherein it is essential to have sufficient flow to maintain this resource. In many cases, irrigation permits were conditioned on stream flow.

Chapter 126, Laws of 1959, effective June 26, 1959, amended section 31.14 (8), Statutes (renumbered to be section 30.18 (5) by Chapter 441, Laws of 1959). Two new provisions were added to the statute:

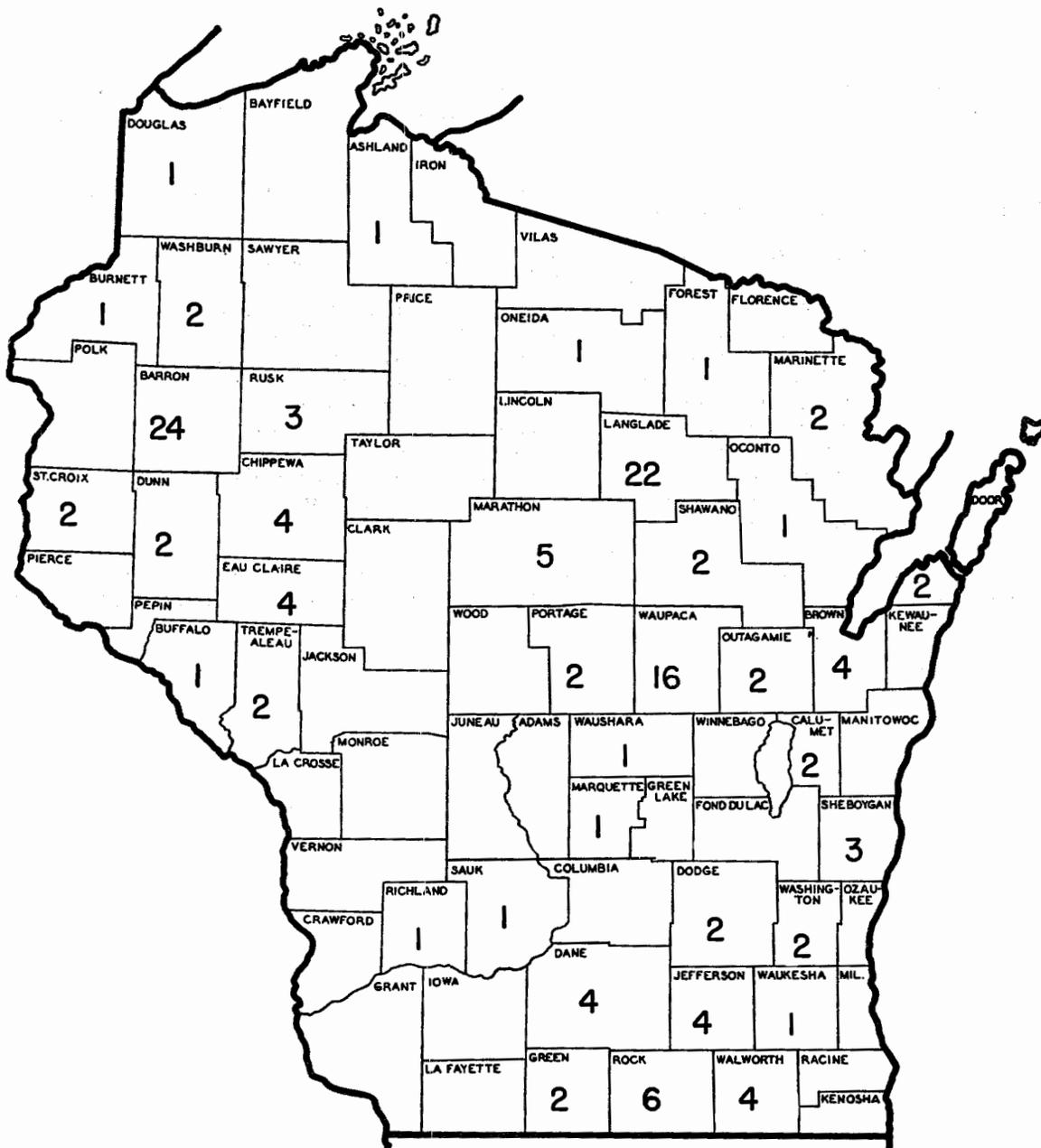
No new permit shall issue for diversion of water from any trout stream designated as such by the conservation commission in publication 213-57 and subsequent issues of said publication without prior written approval by the conservation commission.

The public service commission shall annually review with the conservation commission all permits to divert water issued since August 1, 1957. Upon making such annual review, the public service commission may revoke any permit upon finding that the withdrawal is detrimental to other riparians or to the stream or lake and shall revoke any permit issued for diversion of water from any trout stream designated as aforesaid when requested to do so for conservation purposes by the conservation commission.

Two applications to divert water, one from the Peshtigo River (Forest County) and the other from Bear Creek (Portage County) were dismissed when the Conservation Commission withheld approval of the irrigation (44 PSCW 573, 579). A permit was issued for diversion from Spring Creek (Portage County); applicant had received prior written approval from the Conservation Commission (44 PSCW 559).

On April 5, 1960, following the first annual review of irrigation permits, this Commission revoked J. F. Hacker's permit to divert water from a trout stream, as requested by the Conservation Commission.

A December 1, 1959 Wisconsin Supreme Court decision affirmed the judgment of the Circuit Court for Dane County which had reversed Commission orders in 2-WP-1159 and 2-WP-1160 (42 PSCW 562, 564) wherein permits were purportedly granted, on September 20, 1957, to Alois Firkus and Okray Produce Company for irrigation from Buena Vista Creek (Portage County) under certain specified conditions. In effect, the court held, as indicated below, that no permit could be issued to divert nonsurplus water which was being beneficially used without the consent of the riparian owners beneficially using the same, damage being presumed, no matter how slight.



Pursuant to the Supreme Court decision in *Nekoosa-Edwards Paper Company v. P. S. C. of Wis.* (8 Wis. (2d) 582), the Commission issued March 3, 1960 orders vacating the permits and declaring them null and void.

The court said

The power of the Public Service Commission is limited to granting permits for diversion of surplus water, and in the case of waters determined by it to be nonsurplus, only for agriculture and irrigation purposes when the riparian owners beneficially using such nonsurplus water have consented to such diversion. (8 Wis. (2d) 589)

A February 8, 1960 order in 2-WP-1408 dismissed an application to divert water from the Oconto River when, though no one appeared in opposition to the application, not all lower riparians had consented to the requested diversion.

In an order of May 31, 1960 granting a permit to withdraw water from the Yellow River (Washburn County), the Commission found

That the flow in the Yellow River during the period from June 1 to September 15 of each year is not surplus water as concerns the owners of power producing plants downstream . . . ; to authorize applicant to take water from said river in said period for irrigation or agricultural use requires permit under section 30.18, which can be granted only if said beneficial users consent thereto, which they have done. That, since it does not appear that there is beneficial use by all other riparian owners, there is, so far as such other riparian owners are concerned, surplus water when flow in the Yellow River is greater than the minimum flow required to protect public interests in the waterway. (2-WP-1453)

The Northwestern Wisconsin Electric Company and Northern States Power Company consented to the diversion in a renewable annual agreement providing for payment of lost power production.

TRANSPORTATION

Civil Defense--Emergency Transportation Service

The Governor has delegated to the Public Service Commission the responsibility to perform certain functions relating to civil defense as contemplated by the Wisconsin Operational Survival Plan adopted pursuant to section 22.01(4), Statutes. Under the Plan's organizational structure, the Chairman of this Commission, appointed Co-Director of the Emergency Transportation Service, has named A. Wilford Larson (chief of the Commission's Transportation Department) Deputy Co-Director and designated Operations Chiefs, three of whom are staff members of the Public Service Commission:

Highway Transportation - Miles F. Fenske
Rail Transportation - Richard V. Maves
Administration and Supply - Clarence F. Riederer

The official statement of the mission of the Emergency Transportation Service is

To provide transportation support to other Civil Defense Services, Governmental Agencies and essential industry during a Civil Defense Emergency; to assist in the evacuation of people and critical supplies from Target Areas during Strategic, Tactical and Remedial evacuation.

Of the four types of transportation, air, water, rail and highway, the last two named will be the principal ones used.

In a statement of Organization and Planning Responsibilities, the Co-Director (chairman of the Public Service Commission) is charged with the responsibility to

Organize the State Emergency Transportation Operating Center at Stevens Point and develop its operational capability to accomplish the Emergency Mission.

Inform all major units of the Transportation Industry of the procedures, and assist them in planning for Emergency Operations.

Compile and keep current a list of all major firms and companies whose operations are to be utilized by the State, together with estimated quantities by type and location of highway, rail, water, and air transport.

Provide for keeping of records to protect the State and insure eventual just reimbursement to industry operators for the use of their equipment and facilities when the Emergency has ended.

An Industry Advisory Committee has been appointed by the Co-Director. The appointed personnel associated with the Emergency Transportation Service is currently engaged in organizational planning to such ends as are stated in the above-mentioned responsibilities which are but a sampling of those officially listed.

The plans and arrangements made by such personnel would be activated upon proclamation by the Governor of Wisconsin of a state of emergency resulting from enemy action (section 22.01(4), Wisconsin Statutes).

TRANSPORTATION OF PASSENGERS

Since World War II, the passenger pattern has been one of decline in passenger-miles attributed to trains and motor carriers and growing preference for private automobiles and airways (not under Public Service Commission jurisdiction). Wisconsin trends are similar to those demonstrated in the following statistics from annual reports of the Interstate Commerce Commission:

PERCENTAGE DISTRIBUTION OF INTERCITY PASSENGER
MILES BY KIND OF TRANSPORTATION
(United States)

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	4.09	3.61	3.65	.27	88.38
1958	3.20	2.81	3.86	.28	89.85

Urban Busses

The state's three municipally owned and operated bus systems in Janesville, Ashland, and Merrill are included in the number of common motor carriers which remains 29, the same total reported in the last Biennial Report. However, the continuing number by no means indicates easy stability.

The Beloit Bus Company, Inc., was authorized to abandon operations when its creditors removed tires from the busses because the company could not meet payments. The city did not want

to go into the transit business, but it was willing to make certain concessions to the successor company, Beloit City Bus Lines, Inc.: free garage rent for a designated period and the provision that the new carrier be permitted to abandon service after one year if operations do not prove profitable. The certificate issued the new company expired October 30, 1960, but was extended for another year by further order of this Commission.

URBAN BUS SERVICE in Wisconsin		
	Passengers (in thousands)	Vehicle miles
1950	294,348	54,569
1952	231,291	51,349
1954	185,288	46,000
1956	156,806	40,066
1958	135,324	36,712
1959	134,694	35,612

Wausau Transit Lines, Inc., was refused authorization to abandon service,

though operations for the first nine months of 1959 operation were estimated to result in a \$1,488 loss. A June 16, 1959 order said:

The Commission, on June 8, 1959 authorized the applicant to make certain reductions in service and previously had authorized the applicant to increase some of its fares. These measures will increase the possibilities of continued operations without financial burden to the carrier.

While the Commission is aware of the financial difficulties of the applicant, nevertheless, application for abandonment of service appears to be premature in the light of the first quarter operating income (\$7,068). The Commission will accordingly deny the application but retain jurisdiction for the purpose of authorizing abandonment in the event some other carrier applies for and receives authorization . . . to perform transit services in Wausau and surrounding communities.

The growth of the suburbs has been a highlight of the 1960 census results. While some persons in these areas would like extension of city bus systems, the patronage is often not great enough to justify offering the service, particularly when basic service might be jeopardized by adding submarginal operations.

During the 1958-1960 biennium, five Milwaukee & Suburban Transport Corporation extensions of urban bus routes in the Milwaukee metropolitan area were authorized or ordered by the Commission on a trial basis, with a fixed passenger goal set. At the close of the biennium, 3 of these extensions were still being operated, whereas 2 were discontinued for lack of sufficient patronage.

There were also certain urban and interurban bus route extensions operated during this period which were subsidized by industry and by a large shopping center.

Suburban Bus Service in Wisconsin		
	Passengers (in thousands)	Vehicle miles
1950	3,730	2,495
1952	4,043	3,404
1954	2,896	2,842
1956	2,330	2,609
1958	1,694	1,913
1959	1,650	1,862

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.

There was Commission action on 21 applications for revision of urban bus fares. A January 5, 1959 order following one of the applications allowed the Milwaukee & Suburban Transport Corporation a 93.33% operating ratio (the percentage relationship of operating expenses, before income taxes, to operating revenues). In accordance with a refund provision in a previous interim emergency order, the corporation was required to refund to holders of weekly passes purchased subsequent to June 28, 1958 (the effective date of the temporary fares) the five-cent difference between the price paid and the lower price established in the final order.

Passenger Trains

On November 4, 1958 (43 PSCW 487), the Wisconsin Central Railroad was authorized to discontinue trains Nos. 117-118 (Spencer-Ashland) and Nos. 1-2 (Stevens Point-Chicago) and to alter the operation of two other trains, in part to coincide with the travel preferences to and from resort areas. It is estimated that the service revisions will reduce the railroad's annual out-of-pocket loss from \$1,033,914 to \$561,118. (Both figures refer only to service involved in this proceeding.)

By order of August 28, 1958 (43 PSCW 395), the Chicago, Burlington & Quincy Railroad was authorized to discontinue two trains and remove its passenger service from 14 Wisconsin communities and from 4 others as soon as the reopening of highway 35 made bus service available to them. Eight additional stops by better and faster trains improved service at those points.

The Milwaukee Road proposed to discontinue trains Nos. 12-23, popularly known as the Cannonball, between Milwaukee and Watertown. In an April 16, 1959 order authorizing the discontinuance of only Saturday and holiday runs (there were no Sunday schedules), the Commission said:

The patronage is considerably greater than on many intercity trains but the revenue is low, due mainly to the short-haul nature of the commuter traffic and the complete lack of allied train revenues. A need for the service has been shown, but the use made of the service is low when compared to the potential that exists, suggesting that increased use could be generated. (44 PSCW 265)

Subsequently (September 21, 1959), the Commission dismissed complaints objecting to the 50 percent fare increase which, it was estimated, reduced the annual operating loss on these trains from \$32,615 to \$21,138. (44 PSCW 508)

Concern for retaining service is active at all levels. For example, the discontinuance of a flagstop at Lyons was authorized, provided certain conditional stops were observed. Flagstops for which there is no advance notice require that trains be capable of stopping when they approach the station, but conditional stops with advance notice do not impose such an operating problem.

Both passenger and freight operations are involved in the Milwaukee Road's new consolidated Calhoun Road (Brookfield) station replacing the Elm Grove and former Brookfield stations the necessary replacement or rehabilitation of which would have cost only \$4,545 less than the \$31,000 new station. Annual operation expenses will be \$6,000 less than for the two stations. The authorization of the consolidated station operation included the requirement that the railroad maintain a parking area and a passenger stop at Elm Grove for commuter patrons of the Cannonball.

Since Congress passed the Transportation Act of 1958 giving the Interstate Commerce Commission original jurisdiction over the operation of passenger trains between points in two or more states, the Public Service Commission has participated in several hearings before the ICC which concerned trains operating, in part, in Wisconsin.

One proceeding of especial interest related to the application of Chicago, North Shore & Milwaukee Railway to abandon operations. An ICC order of May 4, 1960 deferred action "for a trial period of one year to afford the Railway, in cooperation with regulatory commissions, state and local authorities, and the public, an opportunity to explore all possibilities for profitable operation, including an immediate request by the carrier for necessary fare increase."

TRANSPORTATION OF PROPERTY

At the end of the biennium, files showed that the number of current certificates issued, under Commission jurisdiction, to common motor carriers of property and passengers was 327, while the number of contract motor carrier licenses was 11,770. There were also 4 common carriers of property by water, 4 electric railways, 1 express company, and 20 railroads operating in the state, though it is probable that merger negotiations now pending will reduce the latter number.

Recognition of these various types of transportation is contained in the

... power, authority, and duty ... 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 to meet public needs. (194.02, Wisconsin Statutes)

"Public need" is responsive to industrial, commercial, and traffic-pattern changes as well as to other matters includible in such words. Regulation must be responsive to "public need."

For example, in granting a contract motor carrier authority to haul cans and can ends, the Commission gave consideration to the state's fruit and vegetable packing industry's benefiting from the carrier's specialized, efficient service, and added

Historically, metal cans have been moved by rail to such processing plants, and the service that is proposed will not materially affect such movement by rail but will meet the unusual service demands of the processing plants during the packing season. As has often been held by this Commission, the public interest and public convenience and necessity are paramount to the convenience and necessity of existing transportation facilities. (43 PSCW 563)

UNITED STATES Total Intercity Ton-miles and Distribution by Transport Agency

Year	Total intercity ton-miles in billions	Railroad	Motor carrier	Inland and Great Lakes waterways	Pipelines	Airways
1944	1,088.3	68.63%	5.35%	13.80%	12.21%	.007%
1949	915.9	60.56	10.61	15.79	13.02	.02
1954	1,124.5	49.50	19.09	15.43	15.94	.04
1957	1,326.2*	47.22	18.47	17.48	16.79	.04
1958	1,206.6*	46.31	20.47	15.66	17.51	.05

* Preliminary

As is shown in the table of Interstate Commerce Commission statistics (the pattern of Wisconsin traffic is similar), the percentage of freight carried by railroads is steadily declining, while the percentage attributed to motor carriers has more than doubled in the last 10 years. The large natural gas pipeline projects in Wisconsin will increase the diversion by pipelines of fuel traffic from both motor carriers and railroads.

Railroads

Tabulations of railroad freight traffic and revenue show a steady decline at most of the smaller stations. To preserve the more essential service in the face of waning demand and increasing expenses, it has been necessary for railroads to curtail or eliminate service for which there is little public need as evidenced by the use (rather, non-use) thereof.

In all but 3 of the biennium's 58 orders authorizing downgrading of service, carload freight service was retained, and in many cases, the substitution of part-time or full-time agency service was possible, subject to agreement between the railroad and its employee organizations.

Under a proposed Central Agency Plan, the Chicago and North Western Railway Company contemplated withdrawing agency service at 100 smaller (associate) stations to be open stations for carload traffic only and served "upon need" by resident agent of a nearby station designated as a "central agency."

The Wisconsin Commission authorized the plan subject to the requirement that regular assigned hours of daily agency service be performed at the associate stations, and thus avoids their being deprived of l.c.l. service and retains a greater proportion of such traffic to the railroad, as well as providing a period for railroad representative-shipper contact. The other differences between the Plan proposed and that authorized were related to service at specific stations. The May 23, 1960 Circuit Court judgment in *Village of Cobb et al. v. P.S.C. of Wisconsin* affirming the Commission's January 20, 1959 order in 2-R-3380 was appealed to the Supreme Court of Wisconsin on June 22, 1960.

Similar Central Agency Plan proposals made by the railway in South Dakota, Minnesota, and Iowa have been approved with modifications.

The labor cost at one-man stations had greatly increased while traffic (and the work load) had decreased, creating unproductive time and economic waste at a time when the financial condition of the carrier necessitates economies to generate funds for improved equipment and deferred maintenance.

Railway Express Agency, Inc. -- Expanded Terminal Area

In the latter portion of the biennium, the Railway Express Agency, Inc., was authorized to inaugurate 11 expanded terminal areas. Briefly defined, this type of operation is one wherein the smaller surrounding express stations are absorbed into the enlarged collection-and-delivery limits of a "terminal" express station from and to which express traffic is transported in line-haul service. Establishment of this service generally involves elimination of the local express agency offices and the creation of a pickup-and-delivery service, usually under the express company's contract motor carrier license, which in many respects is a superior and more desirable service than that previously available in the local communities.

Inasmuch as the local stations lose identity as billing stations, the new service forecloses the shipment of express traffic wholly between points located within the terminal area. However, this factor has not adversely affected any segment of the public, since in every proceeding thus far, no traffic has existed between the former local stations.

The terminal-area service was precipitated by the continuing curtailment of passenger train operations which had previously afforded the express agency a means of transportation, and by the elimination of railroad agents upon whom the express company depended for representation as a commission agent at the small stations involved. The withdrawal of the Chicago and North Western Railway as a party to the new Standard Express Agreement of 1959 stimulated applications for this terminal area service.

This new type of service usually results in certain operating economies to the express company and preserves express service which might otherwise be abandoned.

Railroads -- Piggyback Service

Figures now available* on the service popularly known as "piggyback" show that the number of flatcars (276,435) loaded with highway trailers in the first 6 months of 1960 is an increase of 121.25% over the same operation for the first 6 months of 1958.

Piggyback operations in Wisconsin are for the most part interstate movements to or from the Milwaukee area, Fox River Valley and lakeshore points, La Crosse, Superior, and a few other of the larger terminal cities. Intrastate trailer-on-flatcar service is, however, conducted between Milwaukee and Fox River Valley points, Two Rivers, Manitowoc, Superior, and between Superior and Stevens Point and Fox River Valley points.

Railroad Freight Rates

On January 15, 1959 (44 PSCW 58), the Public Service Commission authorized freight rate increases for Wisconsin intrastate traffic which are identical to those effective on interstate traffic according to a previous Interstate Commerce Commission order. It is estimated that the resultant annual revenue increase from intrastate traffic will approximate \$660,950, as contrasted to an estimated \$725,000 rise in operating costs.

Common and Contract Motor Carriers of Property

The Commission must be both alert and cautious when dealing with new developments. In 1959, contract motor carriers applied for authority to transport baler and/or binder twine shipped from Denmark to Milwaukee and wire netting, fencing, fence posts, nails, staples, baling and barbed wire shipped from Belgium to New Orleans and thence by river barge to Prairie du Chien.

The Commission established the fact that when the original purchaser of goods from a foreign country makes no determination of destination beyond the Wisconsin dock where title to the commodities passes to another company (in this case a Wisconsin co-op), subsequent movement beyond that dock to points in this state is intrastate transportation. The contract carrier authorization to transport such imported merchandise was limited to 1959 because, the Commission said

There is no showing of need in this proceeding for the service beyond the present year, 1959. If similar operations in the future should be contemplated, the availability and adequacy of common motor carrier service should be given thorough study (well in advance of the movement) by the shipper in cooperation with common motor carriers. (44 PSCW 243)

On February 25, 1960, similar authority was granted, this time without any time limitation, experience having shown that common carriers could not expeditiously perform movements from docks, where quick handling is desirable, to Wisconsin points not necessarily predetermined or on common carrier routes.

Times Change -- So Do Motor Carrier Rules

A Wisconsin Administration Code rule, for years pertinent and helpful as a statement of policy or requirement, can become outmoded and impractical because of such factors as population shift or highway reconstruction or marketing practices.

Chapter PSC 34 of the Administrative Code was repealed and recreated (effective May 1, 1959) to expand farm hauling authorities in consonance with present transportation conditions and requirements. The new chapter clarifies the authority to haul goods for sale at farm auctions and supplies from milk or cream receiving plants to farms of carrier's patrons. Livestock hauling is extended to apply to hauling livestock from the farm origin territory specified in an authority to Wisconsin breeder and feeder stock auction markets which have developed so rapidly in this biennium.

Section PSC 16.51(2) was amended (effective October 1, 1959) to allow carriers engaged in "long distance moving" of used household goods and office furniture and equipment to charge "local moving" (hourly) rates on transportation between two points subject to Rate Base No. 1 determined by airline-distance principle. Translated, this means that on what are essentially

* Statistics are available from weekly reports of the Association of American Railroads (Car Service Division).

short hauls, the charge will be based on hourly rather than, as formerly, weight and distance rates, and thereby avoid the inconvenience and delay occasioned by lack of truck scales. (44 PSCW 413)

Because of annexations and increasing density of population in the expanding Milwaukee area, carriers of used household goods and office equipment had difficulty in determining municipal boundaries and deciding whether they should charge local moving (hourly) rates or long distance (weight and distance) rates. Another amendment of PSC 16.51(2) (effective March 1, 1959) redefined the Milwaukee area within which local moving rates apply, and thus eliminated the confusion and inconvenience resulting from the area being subject to two types of rates, with weight and distance rates requiring knowledge of municipal boundaries and the use of public scales. (44 PSCW 13)

There were several revisions of Administrative Code rules to make route restrictions more realistic in view of highway and traffic pattern changes. These included permission for common carriers to use realigned or bypass highways as convenience routes and amendments of Chapter PSC 50 relating to summer highway restrictions for all trucks.

Another amendment (PSC 51.02) dealt with the restrictions on truck traffic within the city of Milwaukee. The effect of these restrictions had been to channel through truck traffic over highway 100 which, when the rule first became effective was primarily a rural bypass around Milwaukee. Now the route passes through portions of both that city and Wauwatosa where suburban or urban conditions prevail. In a December 4, 1958 order (43 PSCW 551) the Commission found that said highway is still the only practical beltline route and that its use by trucks is not unreasonable. However, changes in municipal boundaries necessitated modifying restrictions to apply to the Milwaukee Metropolitan Area as therein described rather than to the city only. Exceptions to the restrictions allow for trips to terminals, repair shops or place where truck is domiciled and for pickup-and-delivery service.

Section PSC 52.08 removed truck traffic from a hazardous segment of highway 26 (in the city of Janesville) unsuitable for heavy vehicular traffic. Exceptions to the restrictions were the same as in the rule cited immediately above. (44 PSCW 365)

Rate Increases -- Common Carriers

Two rate increases were granted common motor carriers of property in this biennium. The first, dated April 6, 1959, increased rates 6% over the 1956 level. The raised minimum shipment charge (from \$2.20 to \$2.40), mandatory on joint-line freight, was permissive on single-line traffic so as to encourage individual carriers to seek means of lowering costs on this type of shipment. The Commission pointed out, as it has in the past, that "the continuing increase in minimum charges tends to act as a deterrent to the handling of small shipments and encourages the establishment of other competitive services." (44 PSCW 250)

The second order (MC-1651, dated June 30, 1960) increased rates 3½%. In both cases, action was prompted by mounting prices of material and equipment, and by rising labor costs, including cost-of-living bonus, contributions to pension fund, and social security.

RAILROAD - HIGHWAY CROSSING PROTECTION

According to section 195.28, Wisconsin Statutes, the cost of crossing protection installation is apportioned between the State and the railroad on the basis of benefits received. The State's portion, never more than 50% of the cost, is paid from the annual appropriation of \$250,000 to a special fund under section 20.420(49), Statutes.

There has been a trend to substitute automatic signals for flagmen and manually controlled signals. Since such changes result in substantial savings to the railroad companies through the avoidance of labor expense, no installation costs are apportioned against the State.

Federal aid is available for grade separations (highway overhead or underpass) involving interstate highways and certain other listed highways. Of the 29 grade separations authorized in this biennium, 11 were on interstate highways. The construction, maintenance, division of cost and other matters pertaining to such projects are almost always the subject of a stipulation between the State Highway Commission and the railroad, and sometimes a city whose street is involved.

Always, the decision as to type of protection required is based on the study of each particular crossing. Consideration is given to such factors as traffic counts, any previous accidents, speed of trains and legal speed of vehicular traffic, angle and grade of crossing, hazards to the view of approaching trains and such local conditions as frequent fog or location of possibly confusing neon signs. Attention is also given to the use of the street or highway in regard to schools, churches, fire-fighting equipment, and as a connecting avenue from one part of a city to another.

Flagman protection by crew members is frequently found advisable for switch movements.

To prevent possible accidents when two or more train movements pass over a crossing within a short interval of time, gates are usually installed at crossings with more than one main line track, when conditions warrant automatic signal protection.

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COMMISSION -- PROCEEDINGS

Under the direction of the Commission, hearing examiners held 2,555 hearings in various parts of the state. This total exceeds that of the last biennium by 155.

HEARINGS	1958-59	1959-60
Railroad-----	208	157
Utility		
General-----	180	183
Securities-----	1	1
New plants and additions-----	61	72
Water power-----	127	86
Motor		
General-----	28	23
Common carrier certificates-----	45	77
Contract carrier licenses-----	609	697
Amendments-----	-	-
Registrations-----	-	-
TOTAL-----	1259	1296

FORMAL CASES	Opened during biennium		Closed during biennium	
	1958-59	1959-60	1958-59	1959-60
Railroad-----	249	169	209	252
Utilities				
General-----	208	178	189	187
Securities-----	37	29	35	33
New plants and additions-----	121	136	110	134
Water Power-----	300	281	285	298
Motor				
General-----	14	19	22	19
Common carrier certificates-----	21	33	20	38
Contract carrier licenses-----	1553	1592	1540	1618
Amendments-----	1083	1115	1045	1113
Registrations-----	0	116	0	111
TOTALS-----	3586	3668	3455	3803

ORDERS ISSUED

	1958-59	1959-60
Railroad -----	241	297
Utility		
General -----	227	221
Securities -----	39	37
New plants and additions -----	121	158
Water power -----	268	296
Motor		
General -----	47	23
Common carrier certificates -----	36	58
Contract carrier licenses -----	1547	1547
Amendments -----	851	941
Registrations -----	0	111
TOTALS -----	3357	3689

INFORMAL CASES

	1958-59	1959-60
Railroad -----	64	57
Utility -----	679	726
Water power -----	132	93
TOTALS ----	875	876

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.

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 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 1/5 of 1% of the total gross intrastate operating revenues of 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 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.

PUBLIC SERVICE COMMISSION OF WISCONSIN

Summary of Finances for Biennial Report

APPROPRIATIONS AND RECEIPTS	1958-59	1959-60
General Legislative Appropriations	\$289,363.00	\$ 332,259.00
Cost of Living Bonus Appropriations	44,284.15	46,499.56
Emergency Board Appropriations	<u>27,683.00</u>	<u>17,029.06</u>
Total Appropriations	<u>\$361,330.15</u>	<u>\$ 395,787.62</u>
Utility Receipts		
Direct Assessments	\$ 58,654.95	\$ 55,105.52
Remainder Assessments	<u>393,061.31</u>	<u>424,143.48</u>
Total	<u>\$451,716.26</u>	<u>\$ 479,249.00</u>
Railroad Transportation Receipts		
Direct Assessments	\$ 13,300.48	\$ 5,878.76
Remainder Assessments	<u>127,049.54</u>	<u>136,856.69</u>
Total	<u>\$140,350.02</u>	<u>\$ 142,735.45</u>
Utility and Railroad Miscellaneous Receipts	<u>\$ 2,964.71</u>	<u>\$ 4,683.33</u>
TOTAL APPROPRIATIONS AND RECEIPTS	<u>\$956,361.14</u>	<u>\$1,022,455.40</u>
 DISBURSEMENTS		
Utility	\$485,140.45	\$ 539,950.48
Railroad Transportation	151,708.44	144,857.91
Water Power and Navigation	111,070.30	115,422.76
Motor Transportation	232,350.99	259,196.68
Civil Defense	<u>1,505.23</u>	<u>3,783.51</u>
TOTAL DISBURSEMENTS	<u>\$981,775.41</u>	<u>\$1,063,211.34</u>
 COLLECTIONS FOR GENERAL STATE FUND		
Utilities Securities Fees	\$ 81,579.92	\$ 81,960.27
Water Power and Engineering Fees	1,506.28	5,462.79
Copy Work and Sale of Printed Matter	<u>1,828.83</u>	<u>2,554.68</u>
TOTAL	<u>\$ 84,915.03</u>	<u>\$ 89,977.74</u>
 COLLECTIONS FOR STATE HIGHWAY FUND		
Motor Carrier Filing Fees	<u>\$ 65,600.00</u>	<u>\$ 69,085.00</u>

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 132 persons. The Commissioners are Leonard Bessman, chairman, Arthur L. Padrutt, and Martin G. Glaeser.

CHAIRMAN LEONARD BESSMAN was born in Milwaukee, Wisconsin. He graduated from Marquette University Law School and was admitted to the Wisconsin Bar in June 1936. After serving with the United States Army during World War II, he was, from 1946 to 1948, a special attorney for the Anti-trust Division of the U. S. Department of Justice. In the years 1948-1952, as Assistant Attorney General of the State of Wisconsin, he was in charge of the state Anti-trust Division. Mr. Bessman was engaged in private law practice in Milwaukee from 1936 to 1941 and again during 1952-1959, and has been admitted to practice law before the United States Supreme Court. He is a member of the American Bar Association and the Wisconsin Bar Association. In 1959 Mr. Bessman was appointed to the Public Service Commission by Governor Nelson for a six-year term and was appointed chairman of the Commission, which duties he assumed November 2, 1959. He is a member of the National Association of Railroad and Utilities Commissioners Committee on Rates of Public Utilities.

COMMISSIONER ARTHUR L. PADRUTT was born in Huron, South Dakota. He received a Bachelor of Science degree from Eau Claire State College in 1939 and was graduated from the University of Wisconsin Law School in 1956, prior to which time he taught in 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 and, subsequently, two terms in the Wisconsin Senate. During his legislative career, Mr. Padrutt's committee assignments included the State Centennial Committee, Committee to Visit State Institutions, Joint Finance Committee, Governmental and Veterans' Affairs Committee, and Joint Survey Committee on Retirement Systems to which he was appointed a public member, following his resignation from the Senate. He was also a member of the State Building Commission, and the Commission on Interstate Cooperation, Wisconsin's representative on the Board of Managers Council of State Governments, and from 1955 through 1958, chairman of the Governor's Retirement Study Commission. 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. He is a member of the Executive Committee of the National Association of Railroad and Utilities Commissioners and is first vice-president of the Great Lakes Conference of Utilities Commissioners.

COMMISSIONER MARTIN G. GLAESER, born in Lanenbrunnen, Germany, came to the United States with his parents in 1892. He received the Bachelor of Arts degree from the University of Wisconsin in 1911 and the Ph. D. degree from Harvard University in 1925. From 1910 to 1918, he was a statistical clerk and case investigator for the Railroad Commission of Wisconsin, later renamed Public Service Commission. In 1959 Governor Nelson appointed him to this Commission to fill a vacancy in a term expiring in 1961. Prior to this appointment, Mr. Glaeser served as statistician for the Milwaukee Electric Railway and Light Company, as professor of economics at the University of Wisconsin, as executive secretary to the Joint Committee of Citizens and Aldermen of the City of Milwaukee in preparing a report on metropolitan aspects of transportation and electric power, as Planning Engineer for the Tennessee Valley Authority, and as Research Associate for the Institute for Research in Land Economics and Public Utilities of the University of Wisconsin. Mr. Glaeser is the author of two books, *Outlines of Public Utility Economics* published in 1927, and *Public Utilities in American Capitalism*, published in 1957. He is chairman of a Special Committee of the National Association of Railroad and Utilities Commissioners to Study the Problem of Procurement and Training of Commission Personnel.

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 Treasury 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

Leonard Bessman, chairman
Arthur L. Padrutt, commissioner
Martin G. Glaeser, 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 and
Administrative Assistant)

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

George P. Steinmetz, chief
Ralph E. Purucker, assistant chief

General Section--Ralph E. Purucker
Service Section--William H. Damon
Railroad Section--Hugo F. Muehrcke
Valuation Section--George P. Steinmetz
Water Power Section--William H. Cartwright

Accounts and Finance Department

A. R. Colbert, chief
Frederick C. Huebner, assistant chief

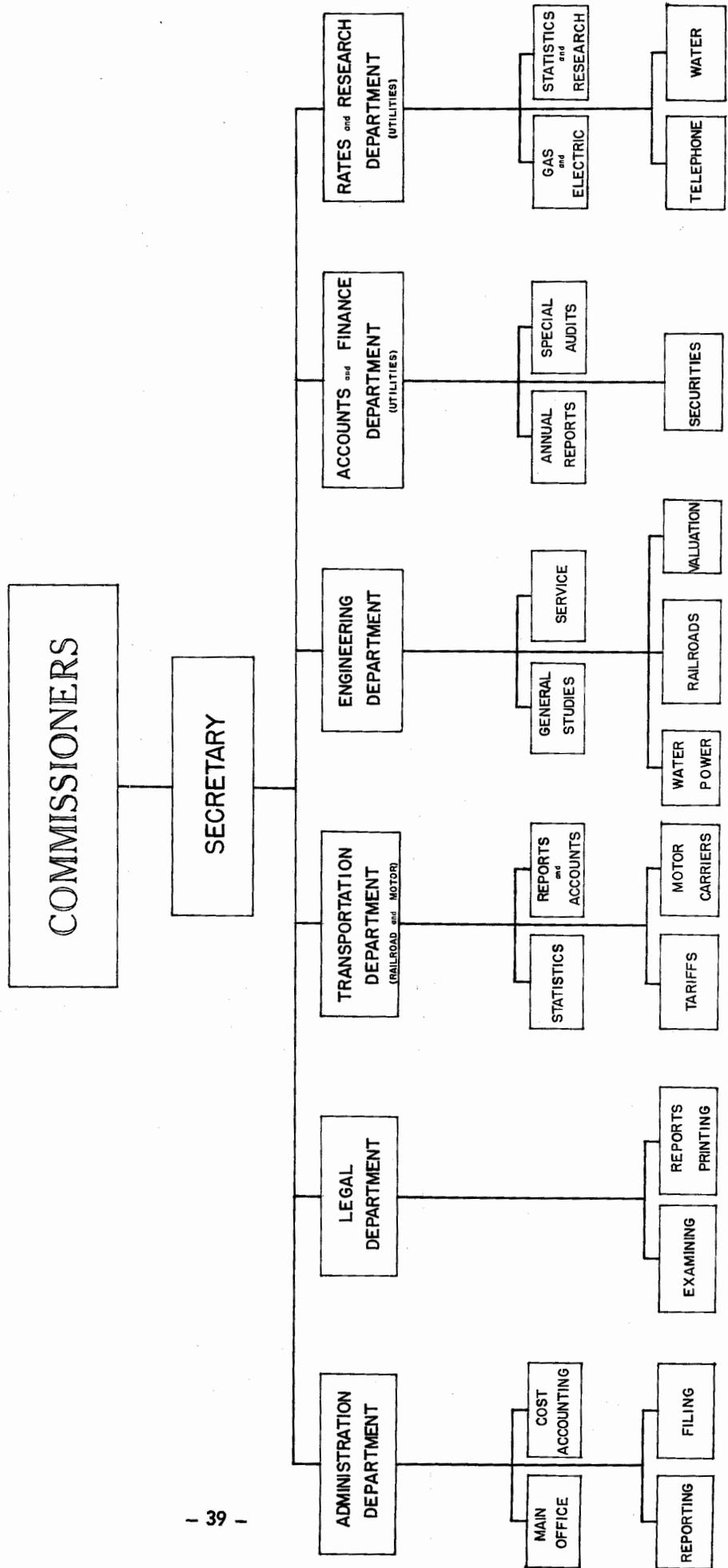
Rates and Research Department

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. TORKELOSON, immediately prior to his serving as Chief Counsel of the Commission 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, 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 is deputy co-director of Emergency Transportation Service under the Wisconsin Operational Survival Plan, the official State plan of civil defense.

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, trolley bus, bus, truck, and railroad service as well as the safety of electric and gas 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, irrigation, dredging, sand blankets, obstructions in navigable waters, measurement of stream flow, and plans for proposed water-power structures and for their operation.

GEORGE P. STEINMETZ has been chief of the Engineering Department since 1935 except for a 1942-1945 military leave and a 1953-1959 leave to serve as a commissioner, the last three years as chairman. He has served on and has been chairman of several committees of the National Association of Railroad and Utilities Commissioners.

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 23 years, is chairman of the Committee on Accounts and Statistics of the National Association of Railroad and Utilities 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 18 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.

