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The outstanding case of the year was that brought about by the application of the Pacific Telephone and Telegraph Company for permission from the State Railroad Commission to raise its rates. Had the original application been granted, the increased income of the East Bay Exchange would have amounted to approximately Two Million One Hundred Thousand Dollars. The Legal Department of the East Bay, under the leadership of City Attorney Higgins of our city, and with rate experts brought from the East, fought the matter before the Commission, with the result that the increase finally granted approximated Seven Hundred Thousand Dollars per annum. The Legal Department still believes the rates authorized to be excessive and the decision to be in error in several particulars, but a petition for rehearing was arbitrarily denied by the Commission and an appeal filed with the State Supreme Court met the same treatment.

At this point again, therefore, I wish to emphasize the need for a change in the matter of public utility control. I am confident that the feeling of the people of the State of California has been crystalized, through decisions of the Railroad Commission that practically without exception have been adverse to the people, into a belief that the Commission itself should be abolished. This for many years has been my own belief. The Railroad Commission, as its decisions indicate, has apparently not represented the people. I am convinced that its powers should go back to the people, either directly, through the Commission's entire abolition, or by making the members of the body elective officers, and not appointive.

#### Cases Pending

The telephone rate case, as noted above, is therefore concluded, and not entirely to the people's advantage. Other utility cases pending and likewise of vital importance are:

First: The city has filed suit against the Pacific Telephone and Telegraph Company, praying judgment for approximately Fifty-seven Thousand Dollars, plus interest, representing amounts due the city as franchise taxes for a four-year period ending June 30, 1929.

Second: The case of the Pacific Gas and Electric Company "natural gas rates," in which the Legal Department is appearing before the Railroad Commission to secure rates favorable to the people.

Third: The electric rates of the Pacific Gas and Electric Company and of the Great Western Power Company, in which the city is demanding a decrease in charges.