

Public Utilities: Reduction of Rates by Commission: Economic Conditions

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200 N.W. 652 (1925); (1933) 17 Marq. Law Rev. 188. Similar factual situations are sure to reach the courts of many states in the near future and the instant case will probably be much quoted, though a single precedent can mean but little in the face of a liberal disposition in other courts. In *Modin v. The City Land Co., et al.*, (Minn., 1933), 250 N.W. 73 an award was given to a plaintiff working under municipal unemployment relief; the question of relationship however was not raised, the amount of compensation alone being at issue. It can hardly be doubted that the social features of relief plans would be better served by holding the relation of a governmental agency to its working paupers to be that of employer-employee.

CARL W. HOFMEISTER.

PUBLIC UTILITIES—REDUCTION OF RATES BY COMMISSION—ECONOMIC CONDITIONS.—Petition by the City of Wauwatosa for reduction of rates of the Wauwatosa for reduction of rates of the Wauwatosa Gas Company on the grounds that the rates were unlawful and unreasonable. Hearings held before the Wisconsin Public Service Commission on Sept. 7, 1932, March 27, 1933, and July 19, 1933. Considerable testimony was introduced concerning economic conditions in the Milwaukee area so as to show a large decrease in employment in 1932, a decrease in average wages, and a large increase in the number of persons receiving outdoor relief. Evidence introduced in the investigation of the Wisconsin Telephone Company, 2-U-35, P.U.R. 1933B, 412 reflecting on the economic conditions in Wisconsin and Milwaukee was made a part of the record in this case. During the same period of 1931 and 1932 the earnings of the Wauwatosa Gas Company actually increased so as to net a return of 7.4 per cent on the company's rate base set at \$884,000. *Held*, rates reduced so as to allow a return of 6 per cent instead of the return of 7.4 per cent presently enjoyed. *City of Wauwatosa v. Wauwatosa Gas Company*, 2-U-277, P.U.R. 1933D, 489 (1933).

The importance of this case lies in the fact that the Wisconsin Public Service Commission has once again yielded to the pressure of economic conditions and has ordered a temporary reduction of rates without first arriving at a final determination of the rate base. Although the rate base was set at \$884,000 the Commission, itself, admits that its investigations were but preliminary and that it had not as yet completed an audit of the company's books and a valuation of the company's property. This case, therefore logically follows the rule laid down in *Re Wisconsin Telephone Company*, P.U.R. 1932D, 173 (1932) in which the Wisconsin Public Service Commission held that if an emergency justifies temporary increases in utility rates without full investigation, as in *Block v. Hirsch*, 256 U.S. 135, 41 Sup. Ct. 458, 65 L. Ed. 865 (1921); *Wilson v. New*, 243 U.S. 332, 37 Sup. Ct. 298, 61 L. Ed. 755 (1917); *Chicago R. Co. v. Chicago*, 292 Ill. 190, 126 N.E. 585 (1920); *Omaha & C B. Street R. Co. v. State R. Comm.*, 103 Neb. 695, 173 N.W. 690 (1919); then it may also justify a decrease in rates for the same reason; that the Commission is given specific authority to reduce rates in an emergency which affects the business or interests of the people, under sec 196.70, Wis. Stats.; and that the economic depression is an emergency within the meaning of the statute.

And yet there is an obvious distinction between this case and that of *Re Wisconsin Telephone Company*, *supra*. In the instant case the question of determining the rate base was not unusually difficult inasmuch as a comparatively small investment of approximately one million dollars was involved. The Commission took the company's own book value as being a fair investment of the rate base,

and accordingly scaled down the operating income from 7.4 per cent on this base to 6 per cent. But in the case of *Re Wisconsin Telephone Company*, supra, the problem was much more complex. Tens of millions of dollars were involved in investments. A careless adoption of any rate base might work a grave injustice upon the people of the State or upon the Telephone Company. The Commission refused to accept as a rate base the book value of the Telephone Company, since such a base would permit the continuation of rates against which the consumers were protesting. A new valuation of the Company's property would involve long years of work. To secure a temporary reduction of rates in great haste, the Commission formulated its "emergency theory" stating that services which were worth a certain amount in periods of high prices were not reasonably worth that same amount in periods of low prices. Ironically enough, the Commission's order for a temporary reduction in rates in *Re Wisconsin Telephone Co.*, supra, met with delay and postponement, being restrained by the decree of a statutory three judge Federal District Court, Sept. 21, 1932, appealed to the United States Supreme Court, and there remanded back to the District Court on March 27, 1933. *Public Service Commission of Wisconsin, et al. v. Wisconsin Telephone Co.*, 53 Sup. Ct. 514, 77 L. Ed. 670 (1933). The order of the Commission was made June 30, 1932. To date, the people of Wisconsin have not been given the relief of lowered telephone rates.

In the instant case, however, where the amount involved in reduced rates was but \$16,500, the Wauwatosa Gas Company did not deem it advisable to appeal to higher tribunals, with the result that the temporary order of the Commission went into effect on July 26, 1933, but one year after the institution of formal proceedings by the City of Wauwatosa. A comparison of these two cases seems to indicate that where much money is involved, regardless of the legal theory adopted, relief will prove slow and halting, but that where it is immaterial to the utility whether the reduction be granted or not, the system of regulation by Public Commissions may prove comparatively swift.

ERNEST O. EISENBERG.

TORTS—FALSE IMPRISONMENT—EMPLOYER—EMPLOYEE.—The plaintiff was employed as a clerk in one of the defendant's stores. The plaintiff was requested to accompany the store manager to a hotel room. There she was accused of embezzlement by the manager and the store detective. She was told that she was discharged. She was kept in the room until she signed a confession and notes. Later the plaintiff sued for false imprisonment. Judgment for plaintiff; on appeal. *Held*, that the plaintiff, on the merits of the case had made out a case of false imprisonment. (The case was reversed because of erroneous instructions to the jury on the measure of damages). *Mannaugh v. J. C. Penny Co., Inc., et al.*, (S.Dak., 1933) 250 N.W. 38.

The Court held in the instant case that the restraint was unlawful because under the circumstances it was reasonable to believe that the plaintiff was detained against her will and in an improper place and manner; that the defendant, not compensating the plaintiff as an employee during the interview, had no claim to her time.

Charges of false imprisonment by an employee against an employer are seldom substantiated. Usually where the employer has detained the employee in enforcing the rules and regulations of the employment, such detention has been found to be lawful. *Timmmons v. Fulton Bag & Cotton Mills*, (Ga. App. 1932) 166 S.E. 40, where the foreman refused to open the gates in order that an em-