

public use,

5. Every such franchise shall provide that any road constructed thereunder shall be open to public travel under such regulations as the state parks committee may, from time to time, prescribe;

State property.

6. Every such franchise shall provide that at the expiration of the term thereof, any road, approaches and bridge constructed thereunder shall become the property of the State of Washington free from all indebtedness;

7. Every such franchise shall contain such additional terms, provisions and requirements as shall, in the judgment of the state parks committee and the governor, be equitable and in the interest of the public.

Passed the Senate March 5, 1933.

Passed the House March 8, 1933.

Approved by the Governor March 18, 1933.

CHAPTER 165.

[S. B. 197.]

PUBLIC SERVICE COMPANIES.

AN ACT relating to public service companies, providing for additional supervision and regulation thereof, amending sections 34, 79, 82 and 92 of chapter 117 of the Session Laws of 1911, and amending section 27 of chapter 7 of the Session Laws of 1921, repealing section 87 of chapter 117 of the Session Laws of 1911 and section 2 of chapter 119 of the Session Laws of 1931, adding to chapter 117 of the Session Laws of 1911 new sections to be numbered 87, 113, 114, 115, 116, 117, 118, 119, 120, and declaring that this act shall take effect immediately.

Be it enacted by the Legislature of the State of Washington:

Amends § 34,
ch. 117,
Laws of 1911.

SECTION 1. That section 34 of chapter 117 of the Session Laws of 1911 be amended to read as follows:

Section 34. Every gas, water or electrical company owning, operating or managing a plant or sys-

tem for the distribution and sale of gas, water or electricity to the public for hire shall be and be held to be a public service company as to such plant or system and as to all gas, water or electricity distributed or furnished therefrom, whether such gas, water or electricity be sold wholesale or retail or be distributed wholly to the general public or in part as surplus gas, water or electricity to manufacturing or industrial concerns or to other public service companies or municipalities for redistribution. Nothing in this act shall be construed to prevent any gas company, electrical company or water company from continuing to furnish its product or the use of its lines, equipment or service under any contract or contracts in force at the date this act takes effect at the rates fixed in such contract or contracts: *Provided*, That the department of public works shall have power, in its discretion, to direct by order that such contract or contracts shall be terminated by the company party thereto and thereupon such contract or contracts shall be terminated by such company as and when directed by such order.

Public
service
companies.

Termination
of contracts.

SEC. 2. That section 79 of chapter 117 of the Session Laws of 1911 be amended to read as follows:

Amends § 79,
ch. 117,
Laws of 1911.

Section 79. The department of public works may by order with or without hearing require the production within this state, at such time and place as it may designate, of any books, accounts, papers or records kept by any public service company in any office or place without this state, or at the option of the company verified copies thereof, so that an examination thereof may be made by the department or under its direction.

Examination
of books.

SEC. 3. That section 82 of chapter 117 of the Session Laws of 1911, as amended by chapter 133

Amends § 82,
ch. 117,
Laws of 1911;
ch. 133,
Laws of 1915.

of the Session Laws of 1915, be amended to read as follows:

Proposed
rate
changes.

Section 82. Whenever any public service company shall file with the department of public works any schedule, classification, rule or regulation, the effect of which is to change any rate, fare, charge, rental or toll theretofore charged, the department of public works shall have power, either upon its own motion or upon complaint, upon notice, to enter upon a hearing concerning such proposed change and the reasonableness and justness thereof, and pending such hearing and the decision thereon the department of public works may suspend the operation of such rate, fare, charge, rental or toll for a period not exceeding seven months from the time the same would otherwise go into effect, and after a full hearing the department of public works may make such order in reference thereto as would be provided in a hearing initiated after the same had become effective.

Increase
of charge.

At any hearing involving any change in any schedule, classification, rule or regulation the effect of which is to increase any rate, fare, charge, rental or toll theretofore charged, the burden of proof to show that the changed schedule, classification, rule or regulation, or the increased or proposed increased rate, fare, charge, rental or toll, is just and reasonable shall be upon the public service company.

Amends § 92,
ch. 117, Laws
of 1911; ch.
182, Laws
of 1913.

SEC. 4. That section 92 of chapter 117 of the Session Laws of 1911, as amended by chapter 182 of the Session Laws of 1913, be amended to read as follows:

Valuation.

Section 92. The department of public works shall have power upon complaint or upon its own motion to ascertain and determine the fair value for rate making purposes of the property of any public service company used and useful for service

Upon motion
of depart-
ment of
public works.

in this state and shall exercise such power whenever it shall deem such valuation or determination necessary or proper under any of the provisions of this act.

The department shall have the power to make revaluations of the property of any public service company from time to time. Revaluations.

The department shall, before any hearing is had, notify the complainants and the public service company concerned of the time and place of such hearing by giving at least thirty days' written notice thereof, specifying that at the time and place designated a hearing will be held for the purpose of ascertaining the value of the company's property, used and useful as aforesaid, which notice shall be sufficient to authorize the department to inquire into and pass upon the matters designated in this section. Notice of hearing.

SEC. 5. That section 27 of chapter 7 of the Session Laws of 1921 be amended to read as follows: Amends § 27,
ch. 7, Laws
of 1921.

Section 27. The director of public work [works], the supervisor of transportation, and the supervisor of public utilities shall have the power, and it shall be their duty, to jointly hear and decide, by a majority vote, all matter, arising either in the division of transportation or the division of public utilities, which the director of public work [works], or the supervisor of transportation or the supervisor of public utilities, respectively, shall deem to be of sufficient importance to require their joint action. Hearing.

SEC. 6. The pendency of any writ of review shall not of itself stay or suspend the operation of the order of the department of public works, but the superior court in its discretion may restrain or suspend, in whole or in part, the operation of the department's order pending the final hearing and determination of the suit. Order, i.e.-
straining of.

Court
restraining
order.

No order so restraining or suspending an order of the department relating to rates, fares, charges, tolls or rentals, or rules or regulations, practices, classifications or contracts affecting the same, shall be made by the superior court otherwise than upon three days' notice and after hearing, and if a supersedeas is granted the order granting the same shall contain a specific finding, based upon evidence submitted to the court making the order, and identified by reference thereto, that great or irreparable damage would otherwise result to the petitioner, and specifying the nature of the damage.

Bond.

In case the order of the department under review is superseded by the court, it shall require a bond, with good and sufficient surety, conditioned that such company petitioning for such review shall answer for all damages caused by the delay in the enforcement of the order of the department, and all compensation for whatever sums for transportation, transmission or service any person or corporation shall be compelled to pay pending the review proceedings in excess of the sum such person or corporations would have been compelled to pay if the order of the department had not been suspended.

The court may, in addition to or in lieu of the bond herein provided for, require such other or further security for the payment of such excess charges or damages as it may deem proper.

Service
by mail.

SEC. 7. All notices, applications, complaints, findings of fact, opinions and orders required by this act to be served may be served by mail and service thereof shall be deemed complete when a true copy of such paper or document is deposited in the post office properly addressed and stamped.

Sale of
merchandise.

SEC. 8. Any public service company engaging in the sale of merchandise or appliances or equipment shall keep separate accounts, as prescribed

by the department, of its capital employed in such business and of its revenues therefrom and operating expenses thereof. The capital employed in such business shall not constitute a part of the fair value of said company's property for rate making purposes, nor shall the revenues from or operating expenses of such business constitute a part of the operating revenues and expenses of said company as a public service company.

SEC. 9. No public service company shall permit any employee to sell, offer for sale, or solicit the purchase of any security of any other person or corporation during such hours as such employee is engaged to perform any duty of such public service company; nor shall any public service company by any means or device require any employee to purchase or contract to purchase any of its securities or those of any other person or corporation; nor shall any public service company require any employee to permit the deduction from his wages or salary of any sum as a payment or to be applied as a payment of any purchase or contract to purchase any security of such public service company or of any other person or corporation.

Purchase
and sale of
securities.

SEC. 10. The department shall have the right and power of regulation, restriction and control over the budgets of expenditures of public service companies. On or before the first day of November of each year each public service company shall prepare a budget showing the amount of money which, in its judgment, will be needed during the ensuing year for maintenance, operation and construction, classified by accounts as prescribed by the department, and shall file the same with the department for its investigation and approval or rejection, as herein provided. When any such budget has been filed with the department it shall examine into and investigate the same to determine whether each and

Expendi-
tures.

Budget.

all of the expenditures therein proposed are fair and reasonable and not contrary to public interest.

Supple-
mentary
budget.

Adjustment or additions to budget expenditures may be made from time to time during the year by filing a supplementary budget with the department for its investigation and approval or rejection.

Objection
to items of
budget.

The department may, both as to original and supplemental budgets, prior to the making or contracting for the expenditure of any item therein, and after notice to the public service company concerned and a hearing thereon, reject any item of any such budget or part thereof. The department may in its discretion require any public service company to furnish further information, data or detail as to any proposed item of expenditure.

Failure
to object.

Failure of the department to object to any item of expenditure within sixty (60) days of the filing of any original budget or within thirty (30) days of the filing of any supplementary budget shall constitute authority to the public service company to proceed with the making of or contracting for such expenditure, but such authority may be terminated any time by objection made thereto by the department prior to the making of or contracting for such expenditure.

Further
examina-
tions.

Such examination, investigation and determination by the department shall not bar or estop it from later determining whether any or all of the expenditures made under the budget are fair, reasonable and commensurate with the service, material, supplies or equipment received.

Rules and
regulations.

The department shall be empowered to prescribe the necessary rules and regulations to place this section in operation. It may, in its discretion, by general order exempt in whole or in part from the operation hereof public service companies whose gross operating revenues are less than twenty-five thousand dollars (\$25,000.00) a year. The depart-

Operating
revenues
less than
\$25,000.

ment may in its discretion upon the request of any public service company withhold from publication during such time as the department may deem advisable any portion of any original or supplemental budget relating to proposed capital expenditures.

Any public service company may, at its option make or contract for any rejected item of expenditure, but in such case the same shall not be allowed as an operating expense, or as to items of construction, as a part of the fair value of the company's property used and useful in serving the public: *Provided*, That such items of construction may at any time thereafter be so allowed in whole or in part upon proof that they are so used and useful. Any public service company may upon the happening of any emergency caused by fire, flood, explosion, storm, earthquake, riot or insurrection, or for the immediate preservation or restoration to condition of usefulness of any of its property, the usefulness of which has been destroyed by accident, make the necessary expenditure therefor free from the operation of this section.

Making
rejected
item of
expenditure.

Emergency.

Any finding and order made and entered by the department as herein provided shall be and remain in full force and effect, unless and until the findings and order of the department with respect thereto have been vacated and set aside in proper proceedings for review thereof.

SEC. 11. No public service company engaged in intrastate business in this state shall pay any dividend upon its common stock until:

Intrastate
business.

1. The public service company's earnings and earned surplus are sufficient to declare and pay the same after provisions are made for reasonable and proper reserves.

Common
stock divi-
dend: When
allowed.

2. The dividend then proposed to be paid upon such common stock can reasonably be paid without impairing the ability of the public service company

to perform its duty to render reasonable and adequate service at reasonable rates.

Depart-
mental
approval.

Before any common stock dividend is paid, the public service company shall make application to the department for approval thereof, and shall furnish to the department such information and data relating thereto as the department shall require.

If the department finds after notice and an opportunity to be heard that the payment of such dividend will not be in violation of the provisions of this section it shall approve the declaration and payment thereof, otherwise it shall disapprove the same. No such dividend so disapproved shall be paid unless and until the findings and order of the department with respect thereto, have been vacated and set aside in proper proceeding for review thereof.

Capital
impaired.

If at any time the department shall find that the capital of any public service company is impaired, it may, after due notice, investigation and hearing, issue an order directing such company to cease paying dividends on its common stock until reasonable proof has been made to the department that such impairment has been made good, and the status of the public service company has become such that common stock dividends may reasonably and properly be paid in full compliance with this section.

SEC. 12. Whenever the department in any proceeding upon its own motion or upon complaint shall deem it necessary in order to carry out the duties imposed upon it by law to investigate the books, accounts, practices and activities of, or make any valuation or appraisal of the property of any public service company or to render any engineering or accounting service to or in connection with any public service company, such public service com-

pany shall pay the expenses reasonably attributable to such investigation, valuation, appraisal or services. The department shall ascertain such expenses, and after giving notice and an opportunity to be heard and due consideration to the amount paid by such public service company for regulation and supervision as otherwise provided by law, shall render a bill therefor, or for such part thereof as it may find necessary and reasonable, by registered mail, to the public service company either at the conclusion of the investigation, valuation, appraisal or services or from time to time during its progress. Upon receipt of a bill so rendered such public service company shall within thirty days pay to the department the amount of the expense for which it is billed, and such payment shall be paid to the state treasurer and credited by him to the public service revolving fund.

Expenses of investigation.

Amounts so assessed against any public service company not paid within thirty days after the mailing of the registered letter notifying it of the amount assessed against it, shall draw interest at the rate of six per cent (6%) per annum. Upon failure to pay the same the attorney general shall proceed by civil action in the superior court for Thurston county against such public service company to collect the amount due, together with interest and costs of suit.

Non-payment.

Attorney general.

SEC. 13. The department of public works shall have power after hearing to require any or all public service companies to carry proper and adequate depreciation or retirement accounts in accordance with such rules, regulations and forms of accounts as the department may prescribe. The department may from time to time ascertain and by order fix the proper and adequate rates of depreciation or retirement of the several classes of property of each public service company. Each public

Depreciation or retirement accounts.

service company shall conform its depreciation or retirement accounts to the rates so prescribed and shall expend the funds credited thereto only for such purposes and under such rules and regulations as the department may prescribe. The income from investments of such accounts shall likewise be carried therein. In fixing the rate of the annual depreciation or retirement charge, the department may consider the rate and amount theretofore charged by the company for depreciation or retirement.

Other
reserve
accounts.

The department shall have and exercise like power and authority over all other reserve accounts of public service companies.

Excess
earnings.

SEC. 14. If any public service company earns in any year a net utility operating income in excess of a reasonable rate of return upon the fair value of its property used and useful in the public service, such excess shall be placed in a reserve fund. Such reserve fund shall from time to time and under rules and regulations prescribed by the department and upon its order, be applied in whole or in part as earnings of such public service company in any subsequent year or years in which it does not earn a reasonable rate of return, or in establishing, replenishing or maintaining amortization, depreciation or other contingent funds, or for any other purpose beneficial to the consumers of such public service company.

Adds §§ 87,
113-120 inc.,
to ch. 117,
Laws of 1911.

SEC. 15. That sections 5, 6, 7, 8, 9, 10, 11, 12, and 13 of this act are hereby added to chapter 117 of the Session Laws of 1911, and respectively numbered 87, 113, 114, 115, 116, 117, 118, 119 and 120 thereof. As to any finding or order issued under or pursuant to any of the provisions of this act, there is and shall be preserved the rights of review and supersedeas, as provided in sections 10428 and

Rights of
review.

10430, Remington's Revised Statutes of Washington, and by the provisions of this act.

SEC. 16. That section 87 of chapter 117 of the Session Laws of 1911 and section 2 of chapter 119 of the Session Laws of 1931, are hereby repealed.

Repeals § 87, ch. 117, Laws of 1911; § 2, ch. 119, Laws of 1931.

SEC. 17. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Effective immediately.

Passed the Senate March 3, 1933.

Passed the House March 8, 1933.

Approved by the Governor March 18, 1933.

CHAPTER 166.

[S. S. B. 63.]

MOTOR VEHICLES.

AN ACT relating to transportation by motor vehicles over the public highways of the State of Washington, providing for the supervision, regulation and taxation thereof, and the payment of fees thereby, amending section 15 of chapter 96 of the Laws of 1921, as amended by chapter 140 of the Laws of 1931, providing penalties for the violation of this act, and making an appropriation.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. The business of operating as a motor carrier of property for hire along the highways of this state is declared to be a business affected with the public interest. The rapid increase of motor carrier freight traffic, and the fact that under existing law many motor trucks are not effectively regulated, have increased the dangers and hazards on public highways and make it imperative that more stringent regulation should be employed to the end that the highways may be rendered safer for the use of the general public; that the wear of

Public interest.