

## Cal Pub Util Code § 451

Deering's California Codes are current through all 1016 chapters of the 2018 Regular Session and the November 6, 2018 Ballot Measures.

***Deering's California Codes Annotated > PUBLIC UTILITIES CODE > Division 1 Regulation of Public Utilities > Part 1 Public Utilities Act > Chapter 3 Rights and Obligations of Public Utilities > Article 1 Rates***

### **§ 451. Just and reasonable charges; Service; Rules**

---

All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful.

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in [Section 54.1 of the Civil Code](#), as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

All rules made by a public utility affecting or pertaining to its charges or service to the public shall be just and reasonable.

### **History**

---

Enacted Stats 1951 ch 764. Amended Stats 1977 ch 700 § 2.

Annotations

### **Notes**

---

**Historical Derivation:**

**Amendments:**

**Historical Derivation:**

(a) Stats 1915 ch 91 § 13.

(b) Stats 1911 1st Ex Sess ch 14 § 13.

(c) Stats 1909 ch 312 § 31.

**Amendments:**

**1977 Amendment:**

Added “, including telephone facilities, as defined in Section 54.1 of the Civil Code,” in the second paragraph.

## Notes to Decisions

---

### 1. Generally

#### 2. Rates and Charges: Amount and Reasonableness

#### 3. Rates and Charges: Regulation

#### 4. Rates and Charges: Judicial Review and Intervention

#### 5. Services, Rights and Duties: Generally

#### 6. Services, Rights and Duties: Regulation

### 1. Generally

All contracts relating to public service entered into between corporation operating public utility and private consumer contain from very nature of their subject matter implied reservation of right of state to lawfully exercise its police power for general welfare. [Market S. R. Co. v. Pacific Gas & Electric Co. \(D. Cal. May 28, 1925\), 6 F.2d 633, 1925 U.S. Dist. LEXIS 1160.](#)

Pub Util C §§ [451](#) and [453](#), which are contained in the chapter concerning “Rights and Obligations of Public Utilities,” are generally for the benefit of users and competitors, and possibly employees. These sections set forth obligations of utilities to comply with the implied consent that their monopolistic authority will be utilized for the good of the public need. As such they are guidelines for utility activity in relation to its customers and competitors, and in some cases employees. With the aid of Pub Util C § [2106](#), which authorizes damage actions against public utilities for their unlawful acts, these sections can be enforced privately, provided such enforcement does not encroach or hamper Public Utilities Commission supervision or regulation. [Barnett v. Delta Lines, Inc. \(Cal. App. 2d Dist. Nov. 23, 1982\), 137 Cal. App. 3d 674, 187 Cal. Rptr. 219, 1982 Cal. App. LEXIS 2157.](#)

All contracts relating to public service entered into between corporation operating public utility and private consumer contain from very nature of their subject matter implied reservation of right of state to lawfully exercise its police power for general welfare. [Market S. R. Co. v. Pacific Gas & Electric Co. \(D. Cal. May 28, 1925\), 6 F.2d 633, 1925 U.S. Dist. LEXIS 1160.](#)

### 2. Rates and Charges: Amount and Reasonableness

[Pub Util C § 451](#), provides no general authority for the Public Utilities Commission (PUC) to review the amount of any and all public agency fees that are collected through a public utility's customer bills. Thus, the PUC did not have the authority to review the amount of a water management district's agency fee, which was imposed on a public utility's customers for work the district had undertaken to mitigate environmental damage caused by the utility. [Monterey Peninsula Water Management Dist. v. Public Utilities Com. \(Cal. Jan. 25, 2016\), 62 Cal. 4th 693, 197 Cal. Rptr. 3d 514, 364 P.3d 404, 2016 Cal. LEXIS 45.](#)

Where railroad rate is under attack, that rate must stand or fall in test as to its reasonableness upon proposition that rate under attack must itself furnish reasonable and adequate return for services rendered and that reasonable and adequate return must pay cost of that service as distinguished from all other service, plus reasonable profit thereon. [Alton & S. R. R. v. United States \(D. Cal. Feb. 9, 1931\), 49 F.2d 414, 1931 U.S. Dist. LEXIS 1311.](#)

Compensation to which public utility is entitled must be based on fair value of its property. [Los Angeles Gas & Elec. Corp. v. RR Comm'n of California \(U.S. May 8, 1933\), 289 U.S. 287, 53 S. Ct. 637, 77 L. Ed. 1180, 1933 U.S. LEXIS 180.](#)

Public interest demands that neither by "cutthroat" nor by any other means or methods, one type of common carrier should be permitted by means of drastic reduction in rates for transportation below "zone of reasonableness" to work business destruction of competitor or competitors. [Southern Pacific Co. v. Railroad Com. of California \(Cal. Mar. 3, 1939\), 13 Cal. 2d 89, 87 P.2d 1055, 1939 Cal. LEXIS 234.](#)

Determination of what is reasonable in conducting business of utility is primarily responsibility of management, and commission does not have power to prescribe terms of contracts and practices of utilities and thus substitute its judgment as to what is reasonable for that of management. [Pacific Tel. & Tel. Co. v. Public Utilities Com. \(Cal. Feb. 28, 1950\), 34 Cal. 2d 822, 215 P.2d 441, 1950 Cal. LEXIS 297.](#)

Under applicable statutes ( Pub Util C §§ [451](#), [453](#) and [728](#)), the Public Utilities Commission may reasonably allow contiguous utilities to use different methods of billing and charge different rates when there is a rational basis for doing so. Accordingly, a decision providing for on- and off-peak pricing for customers of one telephone company, while not providing for such prices for another telephone company, did not result in a denial of equal protection to customers served by the other telephone company, where, because of lack of the necessary equipment, the other telephone company was unable to provide for on- and off-peak pricing. Thus, the distinction made between the customers of the two telephone companies bore a rational relationship to legitimate commission goals and was a result of a proper and constitutional exercise of the commission's discretion. [Toward Utility Rate Normalization v. Public Utilities Com. \(Cal. Oct. 25, 1978\), 22 Cal. 3d 529, 149 Cal. Rptr. 692, 585 P.2d 491, 1978 Cal. LEXIS 302.](#)

### **3. Rates and Charges: Regulation**

While state has power to regulate railroad rates, such power stops at injustice and state has no right to fix unreasonably low rate, though it may prevent railroad from fixing one unreasonably high. [Southern P. Co. v. Board of R. Comm'rs \(C.C.D. Cal. Nov. 30, 1896\), 78 F. 236, 1896 U.S. App. LEXIS 3037.](#)

State has power without impairing obligation of contract or depriving of property without due process of law to fix rates for public utility service which will supersede rates for such service previously fixed by private contract between consumer and company. [Law v. Railroad Com. of California \(Cal. Jan. 27, 1921\), 184 Cal. 737, 195 P. 423, 1921 Cal. LEXIS 625.](#)

Legislature has wide range of discretion in exercise of power to prescribe reasonable charges and it is not bound to fix uniform rates for all commodities or to secure same 82 percentage of profit on every sort of business. [Ann Arbor R. Co. v. United States \(D. Cal. Jan. 18, 1928\), 30 F.2d 940, 1928 U.S. Dist. LEXIS 1703.](#)

Under organic and statutory law, privately owned utility companies are subject to regulation by the Public Utilities Commission, a regulatory agency vested by the Legislature with the exclusive power to set utility rates which are "just and reasonable" ( Cal Const Art XII, § [3](#); Pub Util C §§ [201](#) et seq., § 451). [American Microsystems, Inc. v. City of Santa Clara \(Cal. App. 1st Dist. June 22, 1982\), 132 Cal. App. 3d 986, 183 Cal. Rptr. 588, 1982 Cal. App. LEXIS 1683.](#)

### **4. Rates and Charges: Judicial Review and Intervention**

Valuation of waterworks plant for purposes of taxation may be considered by courts in determining reasonableness of water rates as fixed by board of supervisors. [San Diego Land & Town Co. v. Jasper \(U.S. Apr. 6, 1903\), 189 U.S. 439, 23 S. Ct. 571, 47 L. Ed. 892, 1903 U.S. LEXIS 1372.](#)

## Cal Pub Util Code § 451

In absence of showing to contrary, order of state railroad commission reducing class and commodity freight rates is presumed to be 83 reasonable and not to interfere with interstate commerce. [Southern P. Co. v. Railroad Com. \(D. Cal. Feb. 7, 1912\), 193 F. 699, 1912 U.S. Dist. LEXIS 1813.](#)

Duty of courts regarding rate making is to inquire concerning results and uphold guarantees which inhibit taking of property for public use without just compensation. [Pacific Gas & Electric Co. v. San Francisco \(U.S. June 2, 1924\), 265 U.S. 403, 44 S. Ct. 537, 68 L. Ed. 1075, 1924 U.S. LEXIS 2621.](#)

Although court has no power to establish rates, it has power to prescribe conditions upon which injunctive relief may be granted. [Trautwein v. Moreno Mut. Irr. Co. \(9th Cir. Cal. Oct. 31, 1927\), 22 F.2d 374, 1927 U.S. App. LEXIS 3334.](#)

Where city makes contract with public utility fixing rates which it may charge, courts may not relieve utility from its obligation to serve at such rates no matter how inadequate they may be. [Railroad Com. of California v. Los Angeles R. Corp. \(U.S. Dec. 2, 1929\), 280 U.S. 145, 50 S. Ct. 71, 74 L. Ed. 234, 1929 U.S. LEXIS 779.](#)

Neither courts nor railroad commission are authorized to fix or approve rate which would confiscate property of public utility. [Miller v. Railroad Com. of California \(Cal. July 1, 1937\), 9 Cal. 2d 190, 70 P.2d 164, 1937 Cal. LEXIS 379.](#)

Reasonableness of rules of electric company respecting discontinuance of electric service was question addressed to railroad commission, and commission having acted with regard thereto, rules were binding upon company, and reasonableness thereof was conclusive on trial court in action for damages for alleged wrongful discontinuance of electric service. [Carpenter v. Los Angeles Gas & Electric Corp. \(Cal. App. Nov. 6, 1940\), 41 Cal. App. 2d 369, 106 P.2d 916, 1940 Cal. App. LEXIS 246.](#)

Trial court has power to determine whether connection charge imposed by public utility district for each new house connected for water service in subdivision tract annexed to district was unreasonable and unfair, but matter of fixing rates is legislative in character and court is limited to finding that rate fixed was unfair. [Guy S. Atkinson Co. v. Highland Park Public Utility Dist. \(Cal. App. 4th Dist. Mar. 26, 1958\), 158 Cal. App. 2d 718, 323 P.2d 173, 1958 Cal. App. LEXIS 2425.](#)

Finding that connection charge of \$175 imposed by public utility district for each new house connected for water service in subdivision tract annexed to city was confiscatory and unreasonable was sustained by testimony of director of district that connection charge was method of getting money to pay for line in front of each place and that it was not charge for making connection, by testimony of certified public accountant that connection charge was against consumer and not against owner of property unless owner happened to be tenant to consumer, by testimony of secretary of district that district made connection charge of five dollars where lines and mains were in and that this was flat nominal fee in existence for years, and that purpose of tax in question was to get back from annexed tract money which district had agreed to refund to subdividers under their contract with them. [Guy S. Atkinson Co. v. Highland Park Public Utility Dist. \(Cal. App. 4th Dist. Mar. 26, 1958\), 158 Cal. App. 2d 718, 323 P.2d 173, 1958 Cal. App. LEXIS 2425.](#)

Decision of the Federal Energy Regulatory Commission was remanded in part for consideration of refund remedies that were available under federal law to consumers in California where they had been charged unjust and unreasonable wholesale rates; the agency had abused its broad discretion in failing to consider the remedy of refunds. [Cal. ex rel. Lockyer v. FERC \(9th Cir. Sept. 9, 2004\), 383 F.3d 1006, 2004 U.S. App. LEXIS 18989, cert. denied, \(U.S. June 18, 2007\), 551 U.S. 1140, 127 S. Ct. 2972, 168 L. Ed. 2d 719, 2007 U.S. LEXIS 7865, cert. denied, \(U.S. June 18, 2007\), 551 U.S. 1140, 127 S. Ct. 2972, 168 L. Ed. 2d 719, 2007 U.S. LEXIS 7866, cert. dismissed, \(F.E.R.C. Mar. 18, 2010\).](#)

In a case in which a telephone company raised its fee for providing nonpublished service, it was not an abuse of discretion to conclude that judicial review of the company's service fees was inappropriate and overseeing such

fees was best left to the Public Utilities Commission (PUC). Judicial abstention was not an abuse of discretion because PUC retained jurisdiction to revisit the issue if necessary. [Willard v. AT&T Communications of California, Inc. \(Cal. App. 2d Dist. Mar. 6, 2012\), 204 Cal. App. 4th 53, 138 Cal. Rptr. 3d 636, 2012 Cal. App. LEXIS 266.](#)

Pub Util C § [1759](#), applied to bar a private action against a public utility alleging rate misappropriations because ratemaking had long been an integral component of the California Public Utilities Commission's (PUC's) regulation and supervision of the utility's natural gas operations, and the impact of the expenses to be incurred by the utility for gas transmission improvements as a result of the pipeline explosion at issue, as well as the relationship those expenses might bear to past natural gas rates and the utility's past practices, remained a focus of the ongoing administrative proceedings initiated by the PUC in the explosion's aftermath; plaintiffs' action would interfere with that ongoing exercise of authority by the PUC. [Guerrero v. Pacific Gas & Electric Co. \(Cal. App. 1st Dist. Oct. 10, 2014\), 230 Cal. App. 4th 567, 178 Cal. Rptr. 3d 671, 2014 Cal. App. LEXIS 909.](#)

### 5. Services, Rights and Duties: Generally

Electric light and power companies have right, and it is their duty in determining necessity to condemn property sought in eminent domain, to anticipate future needs of public and they cannot reasonably be required to limit their preparations for future demands by their ability to provide for them out of present supply. [Northern Light & Power Co. v. Stacher \(Cal. App. May 14, 1910\), 13 Cal. App. 404, 109 P. 896, 1910 Cal. App. LEXIS 171.](#)

Law recognizes right of passenger from whom carrier demands extra fare, obstinately to insist upon his legal rights, and does not require him to yield, although he might thereby save himself and others great discomfort and annoyance. [Clare v. Northwestern P. R. Co. \(Cal. App. Feb. 14, 1913\), 21 Cal. App. 214, 131 P. 323, 1913 Cal. App. LEXIS 329.](#)

### 6. Services, Rights and Duties: Regulation

This statute does not invalidate a rule of the commission that in case of a dispute between a consumer and a public utility the consumer must deposit with the commission the amount claimed by the utility to be due, and that failure of the consumer to make such a deposit warrants the utility in discontinuing service. [Lane v. Pacific Gas & Electric Co. \(Cal. App. Sept. 29, 1920\), 49 Cal. App. 410, 193 P. 589, 1920 Cal. App. LEXIS 266.](#)

This statute together with former Public Utilities Act §§ 22a, 30, 31, 36 (now §§ 556, 557, 701, 702, 762) confers upon the commission powers broad enough to include the making of an order compelling the erection and maintenance in a city of a union passenger station by the railroads having separate facilities therein. [Atchison, T. & S. F. R. Co. v. Railroad Com. of California \(Cal. May 27, 1930\), 209 Cal. 460, 288 P. 775, 1930 Cal. LEXIS 500, aff'd, \(U.S. May 18, 1931\), 283 U.S. 380, 51 S. Ct. 553, 75 L. Ed. 1128, 1931 U.S. LEXIS 869.](#)

While an electric company is not an insurer or guarantor of service under Rule 14 of the Public Utilities Commission, it does have a duty to exercise reasonable care in operating its system in order to avoid unreasonable risks of harm to its customers. [Langley v. Pacific Gas & Electric Co. \(Cal. Nov. 6, 1953\), 41 Cal. 2d 655, 262 P.2d 846, 1953 Cal. LEXIS 315.](#)

In fining a wireless phone company for unreasonable and misleading practices in violation of Pub Util C [§§ 451, 702, 2896, the California Public Utilities Commission](#) did not violate equal protection or due process because the company did not establish that it was singled out for disparate treatment or that the statutes under which it was penalized were too vague. [Pacific Bell Wireless, LLC v. Public Utilities Com. \(Cal. App. 4th Dist. June 20, 2006\), 140 Cal. App. 4th 718, 44 Cal. Rptr. 3d 733, 2006 Cal. App. LEXIS 905, modified, \(Cal. App. 4th Dist. July 10, 2006\), 2006 Cal. App. LEXIS 1060, cert. dismissed, \(U.S. Apr. 10, 2007\), 549 U.S. 1334, 127 S. Ct. 1931, 167 L. Ed. 2d 582, 2007 U.S. LEXIS 3923.](#)

## Opinion Notes

---

### Attorney General's Opinions

Jurisdiction of railroad commission to compel Western Union to carry intrastate messages after merger at postal telegraph rate. 2 Ops. Cal. Atty. Gen. 477.

The accelerated cost recovery system (ACRS) authorized by the Economic Recovery Tax Act of 1981 is constitutional when applied to state-regulated public utilities. [66 Ops. Cal. Atty. Gen. 145](#).

## Research References & Practice Aids

---

### Cross References:

Charges at less than maximum reasonable rates: Pub Util C § [452](#).

Right of public utility to profit from economies, efficiencies, or improvements, etc.: Pub Util C § [456](#).

Filing of rate schedule with commission: Pub Util C § [486](#).

Free or reduced rates: Pub Util C §§ [521](#) et seq.

Facilities of public utilities: Pub Util C §§ [556](#) et seq.

Public utility rates: Pub Util C §§ [726](#) et seq.

Authority to order rebates of unreasonable rates: Pub Util C § [734](#).

Baseline rates: Pub Util C § [739](#).

Telecommunications devices for deaf or severely hearing impaired persons, and equipment for disabled subscribers: Pub Util C § [2881](#).

UNRUH Civil Rights Act: CC §§ [51](#) et seq.

Rights of physically disabled persons: CC § [54.1](#).

Obligations of carriers: CC §§ [2100](#) et seq.

Obligations, etc., of common carriers: CC §§ [2169](#) et seq.

Public utilities: Cal Const Art XII §§ [1](#) et seq.

Rates and charges generally: Cal Const Art XII §§ [4](#), [6](#).

### Legal Periodicals:

Minnesota rate cases. 1 Cal. L. Rev. 439.

Just and scientific basis for establishment of public utility rates, with particular attention to land values. 2 Cal. L. Rev. 3.



## Cal Pub Util Code § 451

Constitutionality of statute regulating charges. 2 Cal. L. Rev. 496.

Method of estimating depreciation in valuation of public utilities for rate-making purposes. 5 Cal. L. Rev. 1.

Effect of contracts fixing rates on state's power to define and regulate public utility. 7 Cal. L. Rev. 121.

Duties of public service corporation to make extensions of service within the municipality. 12 Cal. L. Rev. 144.

Duty of public service corporation to extend gas mains to adjacent district. 14 Cal. L. Rev. 340.

Holding companies and United States Supreme Court. 19 Cal. L. Rev. 431.

Rate making of public utilities discussed. 32 Cal. L. Rev. 398.

Value of the service as a ceiling on public utility rates. 33 Cal. L. Rev. 283.

Regulation of truckers for hire. 41 Cal. L. Rev. 63.

Regulation of electric transmission lines in California, and insulation from aesthetic shock. 22 Hastings L.J. 587.

History and scope of public utilities regulation. 30 S.C. L. Rev. 118.

Public utilities regulation and community interest. 30 S.C. L. Rev. 191.

Interstate highway carriers and household goods mover. 5 Stan. L. Rev. 306.

Summary termination of telephone service for suspected illegal use. 20 Stan. L. Rev. 136.

Comments on the earnings-price note. 21 Stan. L. Rev. 644.

Private damage actions against telephone companies for inadequate service. 9 U.S.F. L. Rev. 561.

**Treatises:**

[Cal. Forms Pleading & Practice \(Matthew Bender\) ch 109](#) "Carriers".

8 Witkin Summary (10th ed) Constitutional Law § 1099.

**Annotations:**

Special requirements of consumer as giving rise to implied contract by public utility to furnish particular amount of electricity, gas or water. [13 ALR2d 1233](#).

Liability of motor vehicle carrier to passenger for injuries assertedly caused by failure to heed conveyance adequately. [33 ALR2d 1358](#).

Discrimination between patrons by public service corporation with regard to furnishing deposit or guaranty. [43 ALR2d 1262](#).

Validity of contract between public utilities other than carriers, dividing territory and customers. [70 ALR2d 1326](#).

Liability of electric power or light company to patron for interruption, failure, or inadequacy of power. [4 ALR3d 594](#).

Right or duty to refuse telephone, telegraph, or other wire service in aid of illegal gambling operations. [30 ALR3d 1143](#).

## Cal Pub Util Code § 451

Right of public utility to deny service at one address because of failure to pay for past service rendered at another. [73 ALR3d 1292](#).

Advertising or promotional expenditures of public utility as part of operating expenses for ratemaking purposes. [83 ALR3d 963](#).

Liability of electric company to one other than employee for injury or death arising from commencement or resumption of service. [46 ALR5th 423](#).

**Hierarchy Notes:**

[Cal Pub Util Code Div. 1, Pt. 1, Ch. 3, Art. 1](#)

Deering's California Codes Annotated  
Copyright © 2019 Matthew Bender & Company, Inc.  
a member of the LexisNexis Group. All rights reserved.

---

End of Document