

Decision No. 22241.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 COMMERCIAL GAS COMPANY, LTD., a
 California corporation, for a
 certificate of public convenience
 and necessity, and permission and
 order authorizing an issue of stock.)

ORIGINAL

Application No. 16180.

J. F. Langston, J. F. Wynne, J. F. Beals
 and O. M. Hickey, for Applicant.

LOUTMIT, COMMISSIONER:

O P I N I O N

In this proceeding Commercial Gas Company, Ltd., a California corporation, asks the Railroad Commission for an order certifying that public convenience and necessity require and will require the construction and operation of an artificial gas plant and distribution system in the town of Lancaster, and further requests authority to issue and sell common stock to the extent of \$75,000., (3,000 shares) to be sold at par at \$25.00 per share. Public hearings were held on this application at Los Angeles on January 23 and February 27, 1930.

During the hearings Commercial Gas Company, Ltd., requested that the stock issue of \$75,000., as applied for, be reduced to \$68,000.

The evidence presented by the applicant shows that there were 493 water consumers in Lancaster as of January 1, 1930, and that in its opinion, at least 334 gas consumers could be connected by the end of the first year. Applicant estimates the corresponding annual gross revenue at \$31,835. and operating expenses includ-

ing depreciation and taxes at \$18,213. leaving a net of \$13,622 for return on an investment estimated at \$68,000.

The cost of the plant estimated at \$68,000. does not appear unreasonable, but the estimated gross revenue would be received only if the average use of gas per consumer was more than double that of any other similar gas system now operating in the State of California. If the use of gas in Lancaster should be approximately the same as in other similar towns, as appears probable, the company would scarcely earn operating expenses.

Under the conditions here shown, an order permitting the sale of stock in such an apparently speculative enterprise, is not justified.

In view of the evidence submitted, sufficient showing has not been made by Commercial Gas Company, Ltd., upon which the Commission could base its decision granting a certificate of public convenience and necessity, and authority to issue and sell stock.

I, therefore, recommend the following form of order:

O R D E R

Commercial Gas Company, Ltd., having applied to the Railroad Commission of the State of California for an order and decision certifying that public convenience and necessity require and will require the construction and operation of an artificial gas plant in the town of Lancaster, and for authority to issue and sell \$68,000., of common stock, to be sold at par at \$25.00 per share, public hearings having been held, the matter being submitted and now ready for decision;

IT IS HEREBY ORDERED that this application be and it is hereby denied without prejudice.

The effective date of this order shall be twenty (20)

days from and after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 20th day of March, 1930.

Chas. S. Lewis

John A. Whelan

Wm. S. Linn

M. J. Carr

Commissioners.