

Decision No. 11093

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Investigation
by the Commission on its own Motion
into the Reasonableness of the rates
of Turlock Gas Company.

Case No. 1804

A. A. Caldwell for Turlock Gas Company

By the Commission:

OPINION

This is an investigation by the Commission, on its own motion into the rates charged for gas service by Turlock Gas Company in the City of Turlock and vicinity. The investigation was instituted by reason of a material decrease in the cost of fuel oil to Turlock Gas Company. A public hearing was held in Turlock before Examiner Satterwhite on September 27th, 1922, and the matter submitted.

Following a report made to it by its engineering department, the Commission submitted revised gas schedules to the company accompanied by an order to show cause why these schedules should not be made effective. At the hearing, the company's representative stated that he considered the revised schedules to be just and reasonable and requested only one minor revision which we find reasonable.

The schedules set forth in the following order are designed to yield a return of 8% upon the rate base found reasonable by the Commission herein, this being as follows:

RATE BASE

Fixed Capital prior to Dec. 31, 1912	\$ 39,192.46
Additions and Betterments Jan. 1, 1913 to Dec. 31, 1920	32,157.82
Additions and Betterments year 1921	42,461.87
Operative Additions and Betterments to June 30, 1922	<u>3,111.92</u>
Fixed Capital as of June 30, 1922	\$116,924.07
Estimated Ave. Additions and Betterments to Sept. 30, 1923	<u>1,856.06</u>
Estimated Ave. Capital year ending Sept. 30, 1923	\$118,780.13
Average month's oil requirements	\$ 750.00
Materials and Supplies	2,200.00
Working Cash Capital	<u>3,100.00</u>
Total Rate Base	\$124,830.13

The result of a year's operation under these schedules as estimated and submitted in evidence by the Commission's staff is as follows:

ESTIMATED OPERATIONS FOR YEAR ENDING SEPTEMBER 30, 1923

Gas Revenue	\$ 47,000
Operating Expense	
Oil	10,062
Other Expense exclusive of taxes	18,700
Taxes	5,000
Depreciation	3,000
Uncollectible Bills	<u>235</u>
Total Expense	\$ 36,997
Net for Return	\$ 10,003

The cost of oil is the largest single item of expense to Turlock Gas Company and the price of oil is subject to frequent and sudden changes. In order that Turlock Gas Company and the people of Turlock may continue at all times to enjoy just and reasonable gas rates without the necessity of frequent proceedings before the Commission, the schedules hereinafter set forth are designed to vary with the price of oil. The basic schedules are predicated upon an oil cost of \$1.65 per barrel F.O.B. Turlock and these schedules then reduced to agree with the present price of \$1.29 per barrel.

ORDER

This Commission having instituted an investigation into the gas rates of Turlock Gas Company, an investigation having been made, a hearing having been held, and the matter submitted:

The Railroad Commission hereby finds as a fact that the rates heretofore fixed in its Decision No. 7580 should be modified to conform with the schedules herein set forth, and that the rates herein set forth are just and

reasonable rates to be charged for gas service by Turlock Gas Company.

Basing its order on the foregoing findings of fact, and the findings of fact contained in the Opinion which precedes this order:

IT IS HEREBY ORDERED, that Turlock Gas Company file with the Commission, within ten days of the date of this order, the following basic schedules of rates which are the rates to be charged and collected for gas service rendered by it in the City of Turlock and vicinity when the price paid for oil is \$1.65 per barrel or over, F.O.B. Turlock.

SCHEDULE NO. 1.

General Service (Artificial Gas)

Territory

Applicable to all territory served by Company

Rate

		<u>Gross</u>	<u>Net</u>
First	500 cu. ft. or less per meter per month	\$ 1.30	\$ 1.20
Next	2500 cu. ft. per meter per month per M cu. ft.	2.10	2.00
Next	5000 cu. ft. " " " " " " " "	1.80	1.70
Next	7000 cu. ft. " " " " " " " "		1.50
Over	15000 cu. ft. " " " " " " " "		1.40

The above rates are subject to decrease on the basis of 2.7¢ per 1,000 cu. ft. for each 10¢ decrease in the cost of oil below the price of \$1.65 per barrel, F.O.B. Turlock upon order of the Railroad Commission of the State of California. Change to be to the nearest one cent per 1,000 cu. ft.

Prompt Payment Discount

The net rate is effective if the bill is paid at the office of the Company on or before ten days from date bill is rendered. If the bill is not paid on or before said date the gross rate is effective.

SCHEDULE NO. 2.

Commercial Service

This rate applies to restaurant service and also is an optional rate to Schedule No. 1.

Territory

Applicable to all territory served by Company.

Rate

First	20000 cu. ft. per meter per month per M cu. ft.	\$1.15
All Over	20000 cu. ft. " " " " " " " "	1.05
Minimum charge \$ 20.00 per meter per month		

The above rates are subject to decrease on the basis of 2.7¢ per 1000 cu. ft. for each 10¢ decrease in the cost of oil below the price of \$1.65 per barrel F.O.B. Turlock, upon order of the Railroad Commission of the State of California. Change to be to the nearest one cent per 1000 cu. ft.

SCHEDULE NO. 3

Prepayment Meters

This rate applies to gas sold through prepayment meters.

Territory

Applicable to all territory served by Company.

Rate

¢ 2.25 per 1000 cu. ft.

IT IS HEREBY FURTHER ORDERED, that

1. The schedules above, designated as Schedule No. 1 and Schedule No. 2, are hereby reduced 10 cents per 1000 cubic feet effective for all regular meter readings taken on and after the fifteenth day of October, 1922.
2. In case of a reduction in the price paid for oil, Turlock Gas Company shall file within ten days thereafter an affidavit setting forth the new price paid for oil and shall thereafter, upon supplemental order of the Commission in this proceeding, charge the reduced rates as determined under the schedules herein set forth.
3. Should at any time an increase in the price paid for oil occur, Turlock Gas Company may, after filing affidavit of such increase and receiving a supplemental order from this Commission so authorizing, charge the increased rates as determined under the schedules herein set forth.
4. Turlock Gas Company shall, within ten days of the date of this order, file with the Commission, schedules of rates to comply with Section 1 of this Order.

Dated at San Francisco, California, this 9th day of October
1922.

H. B. Bondigo
Charles H. Brown
J. J. Lusk
Commissioners