

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 Madera Gas Company.

Case No. 1805

George W. Kitchen for Madera Gas Company

By the Commission:

O P I N I O N

This is an investigation by the Commission, on its own motion into the rates charged for gas service by Madera Gas Company in the City of Madera and vicinity. The investigation was instituted by reason of a material decrease in the cost of fuel oil to Madera Gas Company. A public hearing was held in Madera before Examiner Satterwhite on September 28th, 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.

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

RATE BASE

Valuation Jan 1, 1920 (Decision No. 7578)		\$74,672.88
Additions & Betterments, 1920 & 1921		5,176.06
Operative Additions & Betterments to 6-30-22		8,145.40
Valuation June 30, 1922		<u>87,994.34</u>
Estimated Average Additions & Betterments year ending 9-30-23		10,000.00
Estimated Average Capital year ending 9-30-23		<u>97,994.34</u>
Average Month's oil requirements		490.00
Materials & Supplies		750.00
Working Cash Capital		2,000.00
Total Rate Base		<u>\$101,234.34</u>

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

ESTIMATED OPERATIONS FOR YEAR ENDING SEPTEMBER 30, 1923.

Gas Revenue		\$ 31,600
Operating Expense		
Oil		5,840
Other expense exclusive of taxes		11,730
Taxes		3,000
Depreciation		2,600
Uncollectible Bills		160
Total Expense		<u>\$ 23,330</u>
Net for Return		\$ 8,270

The cost of oil is a large item of expense to Madera Gas Company and the price of oil is subject to frequent and sudden changes. In order that Madera Gas Company and the people of Madera may continue at all times to enjoy just and reasonable gas rates without the necessity of frequent proceedings before the Commission, the schedule hereinafter set forth is designed to vary with the price of oil. The basic schedule is predicated upon an oil cost of \$1.70 per barrel F.O.B. Madera and this schedule then reduced to agree with the present price of \$1.20 per barrel.

ORDER

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

The Railroad Commission hereby finds as a fact that the rates heretofore fixed in its Decision No. 7578 should be modified to conform with the schedule herein set forth, and that the rates herein set forth are just and reasonable rates to be charged for gas service by Madera 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 Madera Gas Company file with the Commission, within ten days of the date of this order, the following basic schedule of rates which are the rates to be charged and collected for gas service rendered by it in the City of Madera and vicinity when the price paid for oil is \$1.70 per barrel or over, F.O.B. Madera.

SCHEDULE OF RATES

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					\$ 1.35	\$ 1.25
Next	2500	cu. ft.	per meter	per month	per M cu. ft.					2.10	2.00
Next	5000	cu. ft.	"	"	"	"	"	"	"	"	1.80
Next	7000	cu. ft.	"	"	"	"	"	"	"	"	1.70
Over	15000	cu. ft.	"	"	"	"	"	"	"	"	1.50

SCHEDULE OF RATES Continued

Rate continued

The above rates are subject to decrease on the basis of 2.9 cents per 1,000 cu. ft. for each 10% decrease in the cost of oil below the price of \$1.70 per barrel, f.o.b. Madera upon order of the Railroad Commission of the State of California. Change to be to the nearest one cent per 1,000 cu. ft.

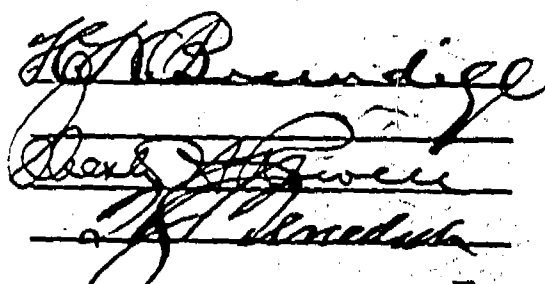
Prompt Payment Discount

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.

IT IS HEREBY FURTHER ORDERED, that

- 1 The schedule above, is hereby reduced 14 cents per 1,000 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, Madera 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 schedule herein set forth.
3. Should at any time an increase in the price paid for oil occur, Madera 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 schedule herein set forth.
4. Madera Gas Company shall, within ten days of the date of this order, file with the Commission, a schedule of rates to comply with Section 1 of this order.

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



Commissioners