

Decision No. ✓

ORIGINAL

Decision No. 2530

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Town of Los Gatos, )  
 )  
 Complainant, )  
 )  
 vs. )  
 )  
 Pacific Gas and Electric Company, )  
 )  
 Defendant. )

Case No. 655

D. T. Jenkins for complainant.  
Charles P. Cutten for defendant.

THELEN, Commissioner.

O P I N I O N

This is a complaint by the Town of Los Gatos against the rates for gas and the quality and character of the service in that community.

The complaint alleges in effect that the present rates charged by Pacific Gas and Electric Company are unreasonable and exorbitant, that the gas is of poor quality and that the service is inefficient and inadequate. The Commission is asked to establish just and reasonable rates and to give such other relief as may be proper.

Defendant in its answer denies that its rates are unreasonable, that the gas is of poor quality and that the service is other than adequate and proper.

The present rates charged by defendant for gas sold by it in the Town of Los Gatos are as follows:

TABLE I.  
PRESENT RATES FOR ARTIFICIAL GAS  
IN LOS GATOS.

\$2.00 per 1000 cubic feet if monthly consumption is less than  
10,000 cubic feet

\$1.50 per 1000 cubic feet if monthly consumption exceeds  
10,000 cubic feet.

Discount for prompt payment 20 cents per 1000 cubic feet where the monthly consumption is in excess of 2000 cubic feet but does not exceed 10,000 cubic feet.

Minimum monthly charge, 50 cents per meter.

At the hearing of this case, tabulations showing the estimated value of the gas plant and system at Los Gatos, the operating revenues and expenses, and an estimated cost of developing the business based on a theoretical plant, were presented by defendant. The Railroad Commission's engineers presented a valuation report, a report showing the estimated cost of serving Los Gatos by means of a high pressure transmission pipe line from the San Jose plant, and an analysis of the cost to defendant of serving gas in the Town of Los Gatos for the year 1914.

A careful consideration of the evidence shows that defendant's cost of service, during the year 1914, was in excess of the actual revenue received from the sale of gas. This condition follows from the small amount of gas used per consumer, which condition, in turn, is largely the result of the present rates, which are relatively higher than those in effect in other communities having a similar number of consumers.

After further investigation, it appears that there are two possible methods by which the cost of gas service in Los Gatos may be reduced. The first possibility is the service of Los Gatos from the San Jose plant through a high pressure transmission line, in accordance with the report of the Railroad Commission's engineers.

This report and the testimony introduced in connection therewith show that the present cost to defendant of serving gas in the Town of Los Gatos would be reduced if a high pressure transmission pipe line were constructed from the San Jose plant to serve Los Gatos.

The second method, which assumes the continued use of only the present facilities of defendant at Los Gatos, is to encourage the increased use of gas by reducing the present rates to a point where gas can be used in competition with other fuels. This latter method was discussed very frankly between the Commission's engineers and representatives of defendant, and as a result of this discussion defendant, at the suggestion of the Commission, voluntarily filed the following schedule of rates applicable to gas sold in the Town of Los Gatos and effective on and after July 26th, 1915:

TABLE II.

RATE

On the basis of monthly consumption per meter.

\$1.50 per 1000 cubic feet.

Minimum Monthly Charge \$1.00 per Meter.

These rates will result in a net decrease of approximately 20 per cent in the cost of gas to the inhabitants of Los Gatos.

An investigation by this Commission indicates that the Town of Los Gatos has no just complaint at this time as to the quality of gas supplied by defendant. Complainant admitted at the hearing that there now exists no material ground for complaint as to service. Hence it is unnecessary to further consider those allegations of the complaint which charge poor quality of gas and inefficient service.

After a careful consideration of the evidence herein, I find as a fact that the rates set forth in Table II. herein, are just and reasonable rates to be charged by defendant for gas supplied by it in the Town of Los Gatos.

I submit the following form of order:

O R D E R

A public hearing having been held in the above-entitled proceeding and the same having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company from and after July 26th, 1915, charge and collect for artificial gas supplied by it in and adjacent to the Town of Los Gatos, the following rates:

On the basis of monthly consumption per meter.  
\$1.50 per 1000 cubic feet  
Minimum Monthly Charge \$1.00 per Meter.

In all other respects the complaint herein is hereby dismissed.

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 26<sup>th</sup> day of June, 1915.

Max Thelen

H. D. ...

Edwin O. Edgerton

Frank ...

Commissioners