

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

Decision No. 4311

In the Matter of the Application)
of FOWLER GAS COMPANY, a corpora-) Application No. 2829.
tion, for permission to increase)
rates.)

Irvine P. Aten, for Applicant.

BY THE COMMISSION.

O P I N I O N

This is an application by Fowler Gas Company, a corporation supplying the Town of Fowler, Fresno County, with gas, for authority to increase its rates. The present rates are as follows:

- For the first 4000 cu. ft. per month, or less, \$1.25 per 1000 cu. ft.
- For consumers using from 4000 to 5000 cu. ft. per month \$5.00 per month.
- For consumers using over 5000 cu. ft. per month, \$1.00 per 1000 cu. ft.
- For street lights, \$2.50 per month for each 5 mantle arc light.
- Minimum charge, \$1.00 per month for each metered service.
- A penalty is also provided of 25¢ per 1000 cu. ft. in addition to the above rates on all bills not paid by the 10th day of the month following meter reading.

Applicant has requested authority to establish the following schedule of rates:

- For the first 3000 cu. ft. per month \$1.75 per 1000 cu. ft.
- For all over 3000 cu. ft. per month \$1.50 per 1000 cu. ft.
- The above rates to be subject to a discount of 25¢ per 1000 cu. ft. on all bills paid by the 10th of the month following the service rendered
- Minimum charge to be \$1.25 per month for each metered service, subject to a discount of 25¢ if paid by the 10th of the month following the service, with the exception, however that the minimum rate for churches and public halls is to be 50¢ per month for each service.
- For street lighting, \$7.50 per month for each 5 mantle arc.

A public hearing was held in Fowler on May 4, 1917, before Examiner Bancroft.

The company's plant is inventoried by it at \$20,369.62. The original cost of the plant cannot be definitely ascertained, for the reason that it was purchased during the course of construction, and applicant's officers never had access to the books showing its actual cost; but as nearly as they can ascertain, the actual cost was approximately \$19,900.00.

The Company had 113 consumers on December 31, 1916, and there is little prospect of materially increasing this number. Its gross annual income for the year ending December 31, 1916 was \$3,577.10, while its total operating expenses were \$2,638.03, not including interest or depreciation.

The Company employs only one man, and his salary for the year, together with office expenses and incidental help amounted to \$1,220.87. The Company has outstanding \$7,900.00 face value of 6% bonds and \$2,750.00 of notes bearing 8% interest, making a total annual interest charge of \$694.00. This, added to its annual operating expenses, would leave only \$245.07 to cover depreciation and return upon that portion of capital invested not represented by notes or bonds, providing the cost of operation remains no higher than at present. Applicant introduced testimony, however, to the effect that while under its present contract its oil cost is 31¢ per 1000 cu. ft. of gas produced, at the present market price its oil would cost materially more, and as applicant's present contract expires February 1, 1918, there is no question but that its operating expenses will be materially increased thereafter. Moreover, testimony was introduced to the effect that applicant's labor

and incidental costs will increase materially in the near future.

While applicant in its petition asked for certain rates, its officers at the hearing stated that they would be satisfied with any increased rates which the Commission might authorize. There is no question but that applicant should be allowed to charge higher rates, but there is a serious question as to how much applicant can increase its rates without losing so many consumers as to reduce, instead of to increase, its gross receipts. As to allowing applicant to establish rates on the basis of a discount of 25¢ per 1000 cu. ft. for bills paid on or before the 10th day of the month, we are of the opinion that such a large discount would result in imposing too severe a penalty upon failure by a consumer to pay his bill within the specified time. On the other hand, Mr. C. A. Patton, the one employee of applicant, who makes the gas, takes care of the mains, reads the meters, and does all the incidental work, testified that it formerly required four or five days per month for him to collect the company's bills. He has now established an office in a store at a cost of \$5.00 per month, where the bills may be paid by the consumers, and he estimates that with a reasonable discount he will have to do practically no house to house collecting.

Under all the circumstances, we find that the present rates charged by Fowler Gas Company are unremunerative and unreasonable, and that it should be authorized to charge the rates set forth in the following order.

We furthermore find that under the circumstances of this particular case applicant should be permitted to establish rates upon such a basis as to permit a discount of 10¢ per 1000 cu. ft. upon the bills paid on or before the 10th of the month following the service rendered.

ORDER

FWLER GAS COMPANY having applied for an order authorizing an increase of its rates for gas furnished in the Town of Fowler, Fresno County, and a public hearing having been held on said application, and the matter having been submitted, and being now ready for decision,

THE COMMISSION HEREBY FINDS as a fact that applicant is entitled to have its rates increased and that the rates hereinafter authorized are just and reasonable. Basing its conclusions upon the foregoing findings of fact and upon the other findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Fowler Gas Company be, and the same is hereby, authorized to establish the following rates to be charged to its customers in the Town of Fowler for gas:

First	3,000 Cubic Feet	\$1.60 per M.cu.ft.
Next	4,000 Cubic Feet	1.35 per M.cu.ft.
All over	7,000 Cubic Feet	1.10 per M.cu.ft.

Street Lights (5 Mantle Arcs) 7.50 per Month.

Minimum Monthly Charge \$1.10, excepting in the case of churches and public halls, the minimum charge of which shall be 50¢ per month, a discount of 10 cents per 1000 cubic feet, or

10 cents on the minimum charge, shall be allowed on

all bills paid within ten days after presentation.

Dated at San Francisco, California, this
11th day of May, 1917.

Max Thelen

Alex G. ...
Edwin O. ...
Francis ...

Commissioners.