

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application
of the UKIAH GAS COMPANY for
authority to increase its monthly
minimum charge for gas service
from 50¢ to \$1.00

}
} APPLICATION
} NO. 2858

Decision No. *K55*

H. C. Giles for Applicant
Chas. M. Mannon, City Attorney
of Ukiah.
Mrs. C. D. Atkinson, Protest-
ant, in propria persona
J. F. Hilliard, Protestant,
in propria persona.

BY THE COMMISSION

O P I N I O N

In this application Ukiah Gas Company requests authority to increase its monthly minimum charge for gas service from the present minimum of 50¢ to \$1.00 per meter per month.

Hearings were held in this matter before Examiner Excell at Ukiah on June 4th and July 18th, 1917.

Applicant owns and operates an artificial gas plant located in the town of Ukiah and is at present serving approximately 425 consumers with artificial gas. Gas

is manufactured from oil costing \$1.40 per bbl. under an existing contract. The gas plant consists of a small artificial generating plant of 75,000 cubic feet daily capacity, a 20,000 cubic foot gas holder and a low pressure distribution system including 11 miles of main.

Gas service is limited to cooking and heating purposes by the provisions of applicant's franchise. The present rates for gas charged by applicant are as follows:

Consumption up to 5,000 cu.ft. per mo.	\$1.50 per 1000 cu.ft.
" from 5,000 to 10,000 cu.ft. per mo.	\$1.35 per 1000 cu.ft.
" " 10,000 to 15,000 cu.ft. per mo.	\$1.25 per 1000 cu.ft.
" of 15,000 cu.ft. and over	\$1.15 per 1000 cu.ft.

Minimum Bill 50¢ per Month.

Assistant Engineer W. J. Hammond of the Commission's Gas and Electric Department, submitted a report upon the property showing an estimated reproduction cost new of \$35,865.00. The gross revenue for the 12 months ending May 31, 1917 was \$9,102.10. The net revenue, after correcting for certain deductions and additions in accordance with the testimony, was \$1,190.14. This amounts to approximately 3-1/3% for interest and depreciation upon the property. In addition to the taxes paid during the year reported, the company will, in the future, be required to pay 2% franchise tax on its gross revenue thus further decreasing the net return upon the investment.

Applicant at this time does not request an in-

crease of its gas rates except to increase its minimum charge. It apparently believes that any increase in the present rate would cause a loss of a large number of consumers and an actual decrease in net revenue.

The City of Ukiah is located in a district where wood for fuel purposes is relatively cheap and the company is limited in its charges for gas service by competition with such fuel. The largest monthly sales and revenue for the year ending May 31st, 1917 occurred in the warmer summer months while the greatest number of minimum bills occurred in December and January, indicating that gas is used only partially for cooking requirements and but little or not at all for heating. The average number of consumers paying the 50¢ minimum during this period was 92. Provided the same conditions continued, 172 consumers would have paid a minimum of \$1.00 under the requested increase. It was the opinion of the representative of the company, supported by testimony of protestants, that a considerable number of the present consumers would entirely discontinue service if the minimum was increased to \$1.00 per month. This might be expected under the conditions of use of gas in this community.

Investigation of the minimum cost of serving consumers on this company's system and certain other similar companies in the State shows that said cost approximates 75¢ per consumer per month. Considering this fact and the other limiting conditions including competition with

wood as fuel, we believe that a minimum of 75¢ per consumer per month is reasonable.

O R D E R

Ukiah Gas Company having made application to the Railroad Commission for an increase of its minimum gas bill and hearings having been held and the matter being now ready for decision,

The Railroad Commission hereby finds as a fact:

(1) That the minimum charge of 50¢ now being made by Ukiah Gas Company is unjust and unreasonable insofar as it differs from the charge herein established.

(2) That the minimum charge of 75¢ per consumer per month herein established is just and reasonable.

Basing its order upon the above findings of fact and upon the findings of fact in the opinion preceding this order,

IT IS HEREBY ORDERED that Ukiah Gas Company establish and file with the Railroad Commission on or before October 20th, and ~~be~~ make effective commencing with the month of ~~October~~ ^{November}, a minimum charge for gas service of 75¢ per meter per month.

Dated at San Francisco, California, this 21st day of September, 1917.

Manuel J. ...

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Frank ...
Commissioners