

Public hearings upon the application were held by Examiner Westover in Redding, Red Bluff and Willows on January 10th, 1918.

Applicant's present rates are:

First	5,000	cubic feet of gas consumed per month \$1.50 per thousand cubic feet.
Next	10,000	cubic feet of gas consumed per month, \$1.25 per thousand cubic feet.
All over	15,000	cubic feet of gas consumed per month, \$1.00 per thousand cubic feet.
Minimum charge,		\$1.00 per month per meter.

These rates were established by Decision No. 3624 rendered September 1, 1916. (See Volume XI, Opinions and Orders of the Railroad Commission of California, p. 37).

The rates were based on a cost of oil of \$1.01 per barrel f.o.b. Redding, Red Bluff and Willows. On January 1, 1917, the cost of oil to applicant was increased to \$1.29 per barrel f.o.b. Willows and \$1.34 f.o.b. Redding and Red Bluff, which prices continued throughout the year 1917 under contract. Under a new contract for all of its 1918 requirements, applicant is compelled to pay for oil per barrel \$1.81 f.o.b. Willows and \$1.915 f.o.b. Redding and Red Bluff.

The application states that since the present rates have been established there have been marked increases in the cost to applicant of all materials and supplies, but that it is not applicant's intention to ask any increase in the rate

of return upon its gas business over that which it was receiving at the time Decision No. 3624 was rendered.. Applicant asks for only such increase as will reimburse it for actual increases in the cost of rendering service. This position was re-affirmed by its officers at the hearing. The rates established by the order herein are calculated to effect approximately this result.

The following table shows the fair value of the necessary operative gas properties of the applicant as of November 30, 1917, being made up of the value as of September 30, 1915, as determined by Decision No. 3624, to which have been added net additions and betterments since that time, as shown by applicant's Exhibit "A", introduced in evidence herein.

TABLE 1

Fair value of necessary operative
Gas Properties of Northern California Power
Company, Consolidated.

	<u>Redding</u>	<u>Red Bluff</u>	<u>Willows</u>	<u>Total</u>
Operative Gas Property as of September 30, 1915	\$ 63,491	\$ 62,100	\$ 65,539	\$ 191,130
Additions and Betterments, September 30, 1915 to November 30, 1917	1,169	10,277	1,343	12,789
Total necessary operative property as of November 30, 1917	64,660	72,377	66,882	203,919

The additions to capital in Red Bluff represent principally the installation of new and

TABLE III

Expenses per thousand cubic feet
of gas manufactured during the year
1917 by the Northern California Power
Company, Consolidated.

	<u>Redding</u>	<u>Red Bluff</u>	<u>Willows</u>
Operating, maintenance and general expenses exclusive of oil	61.0¢	74.6¢	57.5¢
Oil	45.7¢	45.1¢	43.0¢
Taxes	7.3	8.2	7.1

The above oil costs are in excess of those which prevailed when the present rates were established in the amount of 19.4¢ per thousand cubic feet sold at Redding, 15.5¢ per thousand cubic feet sold at Red Bluff, and 13.4¢ per thousand cubic feet sold at Willows. These costs are still further increased by 12.2¢ in Redding 11.3¢ in Red Bluff, and 10.3¢ in Willows, under the new contract for oil during 1918.

The average depreciation annuity applicable to Northern California Power Company's gas properties, as determined by Decision No. 3624, was 2.39 per cent. Projecting the above earnings found by Table No. II, over a 12 months period, instead of the 11 month's period, it appears that the return earned by Northern California Power Company upon the fair value of its necessary operative gas properties during the year 1917, was approximately as shown in the following Table IV.

TABLE IV

Net return earned by the gas department
of the Northern California Power Company,
Cons. during the year 1917.

	<u>Rodding</u>	<u>Red Bluff</u>	<u>Willows</u>
Net operating revenue 12 months period	\$3,512.70	\$2,370.48	\$2,555.87
Rate of return before deducting depreciation	5.44%	3.28%	3.82%
Depreciation	2.39	2.39	2.39
Net return	3.05%	.89%	1.43%

It appears from the above table that applicant did not earn a fair return from its property in any of the towns in question during 1917.

The Commission, in considering this and other applications of this kind at the present time, recognizes the abnormal condition under which public utilities are laboring, and seeks to afford such relief as is fair and reasonable. However, utilities should certainly not expect the public to bear all of the burden of the prevailing abnormally high prices due to war conditions, nor ask that they be permitted to earn the same returns that might reasonably be expected under normal conditions. Applicant herein recognizes this fact and states that it will be satisfied if permitted to increase its rates only to meet the increased cost of oil. It states that there has been a general increase in the cost of other materials and supplies used in the manufacture of gas, but it introduced no detailed evidence to show the amount of such increases.

It is not likely that higher rates than those established herein would result in greater revenue,

because in the territory served, gas consumption might be reduced thereby on account of competition with wood and other fuels. We believe, however, that the increases authorized by this order are considerably less proportionately than the recent increases in the cost of wood and other fuels shown by the evidence in this matter. If the quantity of gas sold equals the consumption of 1917, the rates herein established will result in considerably less than a normal fair return to applicant. The schedule has been submitted to applicant for consideration, and recognizing existing unavoidable limitations it has stated that it will be put into effect without contest.

O R D E R

NORTHERN CALIFORNIA POWER COMPANY,
CONSOLIDATED, having applied to the Railroad Commission for authority to increase rates for gas served in Redding, Red Bluff and Willows, and public hearings having been held thereon, the matter having been submitted and being now ready for decision,

The Railroad Commission hereby finds that the rates charged by Northern California Power Company, Consolidated, for gas served to its patrons in Redding, Red Bluff and Willows are unjust and unreasonable in so far as they differ from the rates and charges herein established, and that the rates and charges herein established are just and reasonable rates and charges, under exist-

ing conditions.

Basing its order on the foregoing findings of fact, and on each statement of fact contained in the opinion preceding this order,

IT IS HEREBY ORDERED that Northern California Power Company, Consolidated, be and it is hereby authorized to establish and file with the Railroad Commission within ten days from the date of this order the following rates for artificial gas furnished or to be furnished in the cities of Redding, Red Bluff and Willows.

RATES

Rate for Artificial Gas Applicable
to all Classes of Consumers.

First	500	cubic feet or less of gas consumed per month	\$1.00
Next	4,500	cubic feet of gas consumed per thousand cubic feet.	\$1.70 per thousand cubic feet.
Next	10,000	cubic feet of gas consumed per thousand cubic feet.	\$1.45 per thousand cubic feet.
All over	15,000	cubic feet of gas consumed per thousand cubic feet.	\$1.20 per thousand cubic feet.

These rates shall become effective upon the next regular meter reading date subsequent to their filing with the Railroad Commission, and shall apply to all gas consumed during the period covered by said meter reading.

Dated at San Francisco, California, this 7th -
day of February, 1918.

Man Thelen
Ed. Leonard
Wm. F. ...

Commissioners.