

BEFORE THE RAILROAD COMMISSION OF  
THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application )  
of the CONTRA COSTA GAS COMPANY )  
for an increase in gas rates. )

Application  
No. 3322.

- S. Waldo Coleman, for Applicant.
- B. D. Marx Greene, for the Towns of Antioch and Pittsburg.
- Thomas D. Johnston, for Unincorporated Towns of Crockett, Port Costa, Valona, Cralona and Pochecho.
- A. F. Bray, for Town of Martinez.
- A. S. Sherlock, for Town of Concord.

BY THE COMMISSION:

O P I N I O N

This is the application of the Contra Costa Gas Company for an increase in its rates for gas in the entire territory served by it.

Applicant operates an artificial gas plant in Pittsburg serving that town, while Antioch, Concord,

Martinez, Crockett and contiguous territory are served by a system of high pressure transmission lines from the Pittsburg plant.

Applicant alleges in effect that its contract, by which it secures oil at \$.70 per barrel, expires on February 28, 1918, and that after that date it will have to pay approximately \$1.55 per barrel for oil. Applicant prays that in view of the fact that it has invested its moneys economically in constructing its properties, and that during the past year it has not been able to earn a fair return, that the rates be so revised as to allow said applicant to earn a reasonable return upon the value of the property used in its gas business.

Hearings were held before Examiner Encell at Martinez on January 23, and at Pittsburg on February 6, 1918, at which times testimony and evidence were introduced relative to the rates, operations and growth of applicant company.

The existing rates charged by applicant for gas are:-

SCHEDULE "A"

General Service

|                                   |                           | <u>Per M. Cu. Ft.</u> |            |
|-----------------------------------|---------------------------|-----------------------|------------|
|                                   |                           | <u>Gross</u>          | <u>Net</u> |
| First                             | 1 000 cu.-ft. per month,  | \$ 1.60               | \$ 1.50    |
| Next                              | 1 000 cu.-ft. per month,  | 1.35                  | 1.25       |
| Next                              | 23 000 cu.-ft. per month, | 1.10                  | 1.00       |
| Next                              | 15 000 cu.-ft. per month, | .90                   | .80        |
| Over                              | 40 000 cu.-ft. per month, | .80                   | .70        |
| Minimum monthly charge per meter, |                           | .60                   | .50        |

SCHEDULE "B"

General Service

|                                   |   | <u>Gross</u> | <u>Net</u> |
|-----------------------------------|---|--------------|------------|
| 26,300                            | to 30,000 cu.-ft. per mo.                 | \$29.70      | \$27.00    |
| Next                              | 14 400 cu.-ft. per mo.<br>per M. cu.-ft.  | 1.00         | .90        |
| 44,500                            | to 50 000 cu.-ft. per mo.                 | 44.50        | 40.00      |
| Next                              | 43 700 cu.-ft. per mo.<br>per M. cu.-ft.  | .90          | .80        |
| 93,800                            | to 100 000 cu.-ft. per mo.                | 84.40        | 75.00      |
| Over                              | 100 000 cu.-ft. per mo.<br>per M. cu.-ft. | .85          | .75        |
| Minimum monthly charge per meter, |   | 29.70        | 27.00      |

SCHEDULE "C"

Prepay Meters.

\$1.50 per 1,000 cu. ft.

Minimum \$.50 per month per meter.

SCHEDULE "D"

Baking Ovens

|                     | <u>Gross</u> | <u>Net</u> |
|---------------------|--------------|------------|
| Rate per M. cu. ft. | \$ .85       | \$ .75     |
| Minimum             | .50          | .50        |

SCHEDULE "E"

Hotel and Restaurant Service

|                                 | <u>Gross</u> | <u>Net</u> |
|---------------------------------|--------------|------------|
| Rate per M. cu. ft.             | \$ .85       | \$ .75     |
| Minimum weekly charge per meter | 8.00         | 7.00       |

The above rates have been in effect since the Company started operation on March 25, 1915, but this Commission has not had occasion at any time during the period in which they have been on file to investigate their reasonableness.

Although no detailed valuation has been made of the property of the Contra Costa Gas Company, applicant has been under the jurisdiction of this Commission during the entire corporate life, and its accounting has been kept in accordance with the prescribed classification.

The financial showing for the 1917 operation of the Contra Costa Gas Company is set forth as follows:-

|  |                  |
|--|------------------|
| Reported Investment, December 31, 1917,                            | \$ 240 475.19    |
| Total Gross Revenue  | 62 528.40        |
| Operating Expenses exclusive of<br>Depreciation,                   | <u>46 816.42</u> |
| Net Revenue available for Depreciation<br>and Return,              | \$ 15 711.98     |
| Per cent Return available for Interest<br>and Depreciation,        | 6.53             |
| Per cent Return available for Interest                             | 4.40             |
| Estimated Investment in Physical<br>Properties, December 31, 1918, | \$ 270 475.19    |

The operating statistics for the year 1917 and the estimates for 1918 are as follows:-

|  | <u>1917</u>  | <u>1918<br/>Estimate</u> |
|--|--------------|--------------------------|
| Total Consumers  | 1 943        | 2 121                    |
| Total Gas Sales, M.-cu.-ft.  | 51 854.9     | 60 083.9                 |
| Barrels Oil Used   | 19 826.9     | 20 800                   |
| Cost per Barrel  | \$ .70       | \$ 1.55                  |
| Gas Sales per Consumer,<br>Cu. Ft.   | 26 700       | 28 300                   |
| Gallons Oil for M. cu.-ft.<br>Gas Sold   | 16.1         | 14.5                     |
| Oil Cost per M. cu. ft.<br>Gas Sold  | \$ .268      | \$ .536                  |
| Average Revenue per M.<br>cu. ft. Gas Sold   | 1.21         |                          |
| Increase in Cost of Oil<br>per M. cu.-ft. Gas Sold   |              | .268                     |
| Total Labor Cost   | \$ 14 258.18 | \$ 19 652.16             |
| Labor Cost per M. cu. ft.<br>Gas Sold  | .275         | .327                     |
| Increase in Labor Cost per<br>M. cu. ft. Gas Sold,   |              | .052                     |
| Average Revenue per M. cu.<br>ft. Gas Sold necessary<br>during 1918 to return<br>4.4% on investment, |              | \$ 1.563                 |

It will be noted that during the year 1917 the average revenue per thousand cubic feet of gas sold was \$1.21, which netted the Company a return of 4.4 per cent upon its investment. Due to the increased cost of oil and labor during the year 1918, it will be necessary for applicant to receive \$1.563 per thousand cubic feet of gas sold to earn the same return upon the investment. The above estimate is based upon an oil duty of 14.5 gallons per thousand cubic feet of gas sold, which it is believed the Company should be able to realize during 1918.

If applicant is not granted relief its net revenue will be reduced from 4.4 per cent on its investment to a point where it will have insufficient funds to meet its actual operating expenses.

This Commission does not believe that the entire burden of the present war conditions should be thrust upon the consumer. However, as there is little hope that a reduction in the price of oil will be realized in the near future, it is quite apparent that this Company could not long survive if it continued to operate under the present rates.

An increase in rates is in general accompanied by a loss of some business, however, as the territory served by applicant is experiencing a considerable growth, due to the war industries situated therein, it is probable that the net result will be a slightly increased amount of business. From an analysis of the sales it is estimated that the proposed rates will return a revenue of \$1.54 per thousand cubic feet sold.

Applicant urges that in view of the form of rates in effect at present, and its collection methods, that it be granted the discount form of rates. We are of the opinion that in this case this form of rate will maintain the present low collection expenses and be a direct advantage to each consumer.

O R D E R

Contra Costa Gas Company having applied to increase its gas rates, and hearings having been held at Martinez and Pittsburg and the matter having been submitted and ready for decision, and the Railroad Commission finding as a fact that the existing rates under present conditions of cost of operation are unjust and unreasonable, and further finding as a fact that applicant should be granted authority to increase its rates to those set forth in the order,

IT IS HEREBY ORDERED that Contra Costa Gas Company be and the same is hereby authorized to charge and collect the following rates for gas. Such rates shall be applicable to all regular meter readings made on or after March 15, 1918, provided Contra Costa Gas Company shall have filed with the Commission said rates on or before March 10, 1918:

SCHEDULE "A"

General Service

|          |                                       | <u>Gross</u>          | <u>Net</u> |
|----------|---------------------------------------|-----------------------|------------|
| First    | 500 cu.-ft. or less per meter per mo. | \$1.10                | \$1.00     |
|          |                                       | <u>Per M. Cu.-Ft.</u> |            |
| Next     | 2 000 cu.-ft. per meter per mo.       | \$1.70                | \$1.60     |
| Next     | 2 500 cu.-ft. per meter per mo.       | 1.50                  | 1.40       |
| Next     | 3 000 cu.-ft. per meter per mo.       | 1.30                  | 1.20       |
| Next     | 7 000 cu.-ft. per meter per mo.       |                       | 1.00       |
| All over | 15 000 cu.-ft. per meter per mo.      |                       | .90        |



SCHEDULE "A"

(Cont'd.)

General Service

The net rate is effective if the bill is paid at the office of the Company on or before the 10th of the month next succeeding that for which the bill is rendered. If the bill is not paid on or before the 10th, the gross charge is effective.

SCHEDULE "B"

Prepay Meters

Rate: \$1.75 per 1,000 cu.-ft.

Minimum: \$ .75 per meter per mo.

SCHEDULE "C"

Hotels, Restaurants and Bakeries

|                                 | <u>Gross</u> | <u>Net</u> |
|---------------------------------|--------------|------------|
| Rate per 1,000 cu. ft.          | \$ .85       | \$ .80     |
| Minimum weekly charge per meter | 7.50         | 7.00       |

SCHEDULE "C"

(Cont'd.)

Hotels, Restaurants and Bakeries

The net rate is effective if the bill is paid at the office of the Company within three (3) days after reading of meter and presentation of weekly bill. If the bill is not paid within three (3) days, the gross charge is effective.

Dated at San Francisco, California, this *4<sup>th</sup>*  
*march*  
day of February, 1918.

Max Thelen

Alfred Gordon

Edwin O. Edgerton

Francis R. Huber

COMMISSIONERS