

Decision No. 5864 -

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the Matter of the Application
of the RIVERBEND GAS AND WATER
COMPANY for an Order authorizing
an Increase in Gas Rates.

Supplemental
Application
No. 3552

Chaffee Hall, for Applicant.

BY THE COMMISSION.

O P I N I O N

ORIGINAL

This is a supplemental application of the River-
bend Gas and Water Company for a further increase in its
rates charged for gas as fixed in Commission's Decision No.
5328 issued on April 20th, 1918.

The existing rates charged by applicant are as
follows:-

First	600	Cu.Ft. or less	per	Meter	per	Mo.	\$1.10	\$1.00		
Next	2400	" "	"	"	"	"	1.70	1.60	per	M Cu.Ft.
Next	4000	" "	"	"	"	"	1.50	1.40	"	" "
Next	8000	" "	"	"	"	"		1.20	"	" "
All										
Over	15000	" "	"	"	"	"		1.00	"	" "

The net amount effective on all bills paid ten
days after first of month following meter reading.

Applicant alleges in effect that since the issu-
ance of the Commission's Decision No. 5328, the prices of
oil and labor have increased to such a point that it is con-
ducting its business at an actual out-of-pocket loss, and

that a further increase in rates will be necessary to enable it to meet its operating expenses and its interest upon its bonded indebtedness.

A public hearing was held before Examiner Encell on October 4th, 1918, in Kingsburg, at which time evidence was introduced relative to the recent increases in operating expenses and the effect of the increase in rates granted by the Commission in April 1918.

Since April 1918, the cost of oil to applicant has increased from \$1.75 to \$2.05 per barrel, this being in part due to the increase in freight rates on oil. During this period there has also been a material increase in the cost of labor. These two items alone effect an increase in operating expense, including taxes thereon, of 14 cents per thousand cubic feet of gas sold.

Applicant in its supplemental application prays that this Commission will fix such rates for gas as will permit applicant to pay its operating expenses, to set aside a proper amount for depreciation and to earn a reasonable rate of return upon its investment. We believe that during the present war period, the financial stability of the utilities should be safeguarded, but in this case it is evident that with the present cost of oil and labor it is hardly possible for this utility to charge for gas a rate which would, in addition to paying operating expenses and depreciation, net an amount which in normal times might be considered a fair return on the investment.

Considerable testimony was submitted regarding the present service conditions experienced in Kingsburg. Applicant testified that its present installation is inadequate to serve the demands made upon it by its consumers in Kingsburg, but that upon the installation of an ad-

ditional line, which is at present under construction, the service conditions in Kingsburg will be satisfactory. Because of these service conditions we do not believe that applicant's consumers should be charged the higher rates until such a time as the service has been improved and a supplemental order obtained by applicant.

The rates established in the following order should net applicant an added return sufficient to meet its increases in operating expenses and the taxes thereon, experienced since the date of the last order, and permit applicant to realize what might be considered a fair and reasonable return under the present emergency conditions.

O R D E R

The Riverbend Gas and Water Company having applied to the Railroad Commission of the State of California for an increase in its gas rates, a hearing having been held and the matter being now ready for decision, the Railroad Commission finds as a fact that existing rates under present conditions, cost and operation are unjust and unreasonable in so far as they differ from the rates and charges herein established, and that the rates set forth in this order are just and reasonable.

Basing its order 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 the Riverbend Gas and Water Company be and is hereby authorized to charge and collect the following rates for gas based on all regular meter readings taken on and after October 25th 1918, with the exception of those taken in Kingsburg.

These rates shall not be effective for service in Kingsburg until applicant shall have completed its new transmission line to that city and improved the service therein and shall have received from this Commission a supplemental order authorizing the charge of the same.

RATES

		<u>GROSS</u>	<u>NET</u>
First	500 Cu.Ft. or less per meter per month	\$1.10	\$1.00
Next	2 500 Cu.Ft. per meter per mo.	1.80	1.70 per M Cu.Ft.
Next	4 000 Cu.Ft. per meter per mo.	1.60	1.50 per M Cu.Ft.
Next	8 000 Cu.Ft. per meter per mo.		1.30 per M Cu.Ft.
All over	15 000 Cu.Ft. per meter per mo.		1.20 per M Cu.Ft.

The net amount to be effective on all bills paid by the tenth of the month following meter readings.

Providing that the Riverbend Gas and Water Company shall file with the Railroad Commission on or before the effective date of this order the rates herein established.

Dated at San Francisco, California, this 22nd day of October, 1918.

H. B. Loveland
Geo. Gordon
Frank Devlin
 Commissioners