

Decision No. 6843

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
SOUTHERN COUNTIES GAS COMPANY OF)
CALIFORNIA for authority to make ef-)
fective certain schedules of rates)
in the County of Ventura, and in the)
Cities of Ventura, Oxnard, Santa)
Paula, Fillmore and other unincor-)
porated towns and communities in the)
County of Ventura.)

Application

No. 4949

Hunsaker, Britt & Edwards for Ap-
plicant.
H. F. Orr, City Attorney, for City
of Ventura.

LOVELAND and BRUNDIGE, Commissioners:

O P I N I O N

Applicant, Southern Counties Gas Company, re-
quests authority to establish certain rates to be charged
by it for natural gas service in the County of Ventura.

The rates proposed are for:

- (1) Domestic and Commercial Service
- (2) Gas Engine Service

(3) Large Commercial and Industrial Service

(4) Surplus Gas For Industrial Service.

The last three schedules, which cover service not previously rendered, compare favorably with similar schedules in other districts when supply and cost of gas is considered and should be approved. The first schedule is equal to, or less than, the present schedule in effect in Ventura County with the exception of the minimum charge. The minimum charge under the existing schedule is 50 cents per meter per month in the incorporated territory served, while that in the proposed schedule is \$1.00 per meter for all territory served in Ventura County.

Southern Counties Gas Company took over the operation of the gas properties of Southern California Edison Company in Ventura in February, 1919, and later, under authority of this Commission, in Decision No. 6362, dated May 29th, 1919, in Application No. 4440, acquired ownership of these properties.

At the time operation of the property was taken over by applicant an inferior quality of service of artificial gas was being supplied. Applicant negotiated for and obtained a supply of natural gas, and, since April 1919, has supplied natural gas in place of the artificial gas. Applicant's consumers have been served a gas of over twice the heat content under the same rates per cubic foot, and, as a result, there has been a reduction, on the average, of 44 per cent in the consumers' bills.

Since acquiring the property applicant has made extensive improvements, and has rendered much improved service to its patrons. Testimony of prominent

citizens of Ventura and Santa Paula is to the effect that the service has been greatly improved and has been made very satisfactory.

Applicant has not as yet obtained sufficient supply of natural gas to develop much industrial gas business and prospects are not too good for a large supply for these purposes. Unless a large supply is obtained applicant must depend upon the revenue from its domestic and commercial consumers to obtain a reasonable return for its services rendered.

Applicant's total revenue for the first six months natural gas was served was \$22,261.34, while the operating expenses were \$34,041.34, making a deficit of \$11,780. The high expense was partly due to abnormal expense resulting from adjustment of consumers' appliances and repairs to the property, which was in bad condition at the time it was taken over. A reasonable estimate of revenue and expense, based upon normal operating conditions, shows an actual deficit of \$6,400 per annum if the present rates are continued.

It appears from analysis of the sales of gas to the consumers of applicant that with a change from artificial gas to natural gas and the increase of the minimum from 50 cents to \$1.00, approximately 26 per cent of the consumers will be subject to an increase in bills, while 74 per cent of the consumers will have their bills reduced. The net result will be a total reduction of \$25,000 per annum in the gross revenue received. Due to the introduction of natural gas, however, the past six

months' operations show that approximately 50 per cent of the consumers are paying bills of less than \$1.00 per month while prior to the introduction of natural gas approximately 26 per cent were paying less than \$1.00.

The result in applicant's revenue of increasing the minimum from 50 cents per meter per month to \$1.00 will be an increase of approximately \$5,150 per year. With this increase applicant's revenue will, for the next year of operation, only slightly exceed its direct operating expenses. Applicant apparently hopes to increase its net income by increase in sales especially to industrial consumers.

The Commission had occasion to study carefully the question of just minimum charges in connection with the determination of gas rates for applicant in the districts served in Los Angeles and Orange Counties. It was found in that proceeding that a minimum of \$1.00 per meter per month was a just and reasonable charge for service of natural gas in even more congested communities than served in Ventura County.

A gas utility has a material investment for each consumer, which is occasioned by its readiness to serve that consumer without reference to the quantity of gas used. In addition there is considerable expense incurred in reading meter and handling consumers' accounts, likewise independent of the consumer's use of gas. An analysis of these costs, which are chargeable to consumers, shows, that in the present instance, a minimum charge of \$1.00 per meter per

month should be made.

Applicant has without question greatly improved the service of gas in Ventura County. The continuance of this improved service cannot be expected unless applicant can earn a reasonable compensation for its service, including a fair return on its investment. The inhabitants of Ventura County supplied with gas by applicant will not question paying compensatory rates provided they receive adequate service and fair treatment from the utility. At the present time the consumers are receiving the improved service at an average reduction in cost of approximately 44 per cent below the cost to them of gas service received during 1918, and, even with the increased minimum, the communities' bill for the equivalent gas service will be \$25,000 per annum less than it was for artificial gas.

We recommend the following form of Order:

O R D E R

Southern Counties Gas Company having applied for authority to establish certain gas rates to be charged for service of natural gas in the County of Ventura, State of California, hearing having been held, the matter being submitted and now ready for decision,

The Railroad Commission hereby finds as a fact that the rates herein set forth for gas service by Southern Counties Gas Company in the cities of Ventura, Oxnard, Santa Paula, Fillmore and adjacent territory in the County of Ventura, are just and reasonable rates.

Basing its order on the foregoing finding of fact and on the findings of fact contained in the Opinion which precedes this order,

IT IS HEREBY ORDERED that Southern Counties Gas Company be and the same is hereby authorized to charge and collect for the service of natural gas in the County of Ventura the following schedules of rates, the same to be effective for all meter readings taken on and after the 15th day of November, 1919,

Provided, applicant shall have filed with the Commission on or before that date the schedules herein set forth.

SCHEDULE NO. 4-A

VENTURA DISTRICT

GENERAL SERVICE:

Applicable to Domestic and Commercial Service for lighting, heating and cooking, including restaurants, apartment houses, hotels, hospitals, sanitarium, business buildings of all kinds, schools and churches.

TERRITORY:

Applicable to Ventura District, including Ventura, Oxnard, Santa Paula, Fillmore, and adjacent territory.

RATE:

First 2,000 cu.ft. per meter per mo.	\$1.25	per M cu.ft.
Next 3,000 " " " " "	1.00	" " "
" 5,000 " " " " "	.90	" " "
" 10,000 " " " " "	.80	" " "
" 30,000 " " " " "	.70	" " "
Over 50,000 " " " " "	.60	" " "

Minimum Charge \$1.00 per Meter per Mo.

SPECIAL CONDITIONS:

Consumers served under this schedule have priority in the use of gas over consumers served under Schedules No. 4-B, No. 4-C and No. 4-D.

SCHEDULE NO. 4-B

VENTURA DISTRICT

GAS ENGINE SERVICE:

Applicable to service for internal combustion engines only.

TERRITORY:

Applicable to Ventura District, including Ventura, Oxnard, Santa Paula, Fillmore and adjacent territory.

RATE:

First 50,000 cu.ft. per meter per mo.	\$.60	per M cu.ft.
Next 150,000 " " " " "	.50	" " "
Over 200,000 " " " " "	.45	" " "

MINIMUM CHARGE:

From May to October inclusive	\$5.00	per meter per mo.
From Nov. to April inclusive	1.00	" " " "
For continuous yearly service	36.00	" " " y/.

SPECIAL CONDITIONS:

Consumers served under this schedule are subject to the prior use of consumers served under Schedule No. 4-A but have priority in the use of gas over consumers served under Schedules No. 4-C and No. 4-D at times when there is insufficient gas to supply the demands of all consumers.

SCHEDULE NO. 4-C

VENTURA DISTRICT

COMMERCIAL AND INDUSTRIAL SERVICE:

Applicable to commercial and industrial service such as bakeries, packing houses, metal working plants, preserving and canning establishments, fruit and vegetable dryers and other consumers whose demand for gas is not dependent upon atmospheric temperature, or upon the preparation of meals and whose time of maximum demand, if any, does not coincide with the maximum demand of consumers served under Schedule No. 4-A.

TERRITORY:

Applicable to Ventura District, including Ventura, Oxnard, Santa Paula, Fillmore and adjacent territory.

RATE:

First 50,000 cu.ft. per meter per mo...	\$.60	per M cu.ft.
Next 150,000 " " " " "	.50	" " "
Over 200,000 " " " " "	.45	" " "

MINIMUM CHARGE:

From May to October inclusive	\$15.00	per meter per month
From Nov. to April inclusive	1.00	" " " "
For Continuous yearly service	96.00	" " " year

SPECIAL CONDITIONS:

Consumers served under this schedule have priority in the use of gas over consumers served under Schedule No. 4-D, but are subject to the prior use of Class-4-A and 4-B consumers at times when there is insufficient gas to supply the demands of all consumers.

SCHEDULE NO. 4-D

VENTURA DISTRICT

SURPLUS INDUSTRIAL SERVICE:

Applicable to industrial service on existing mains having a delivery capacity in excess of the present requirements of consumers served under Schedules No. 4-A, No. 4-B and No. 4-C; for use in steam boilers, incinerators, kilns, or similar service which do not use gas to heat buildings or to prepare meals and which are equipped to use other fuels and can be changed over to use other fuels on 30 minutes notice. Consumers receiving service under this schedule are required to maintain adequate supplies of such other fuels.

TERRITORY:

Applicable to Ventura District, including Ventura, Oxnard, Santa Paula, Fillmore, and adjacent territory.

RATE:

30 cents per 1,000 cubic feet.

MINIMUM CHARGE:

From May to October inclusive	\$50.00	per	meter	per	month
From Nov. to April inclusive	5.00	"	"	"	"
For continuous yearly service	330.00	"	"	"	year

SPECIAL CONDITIONS:

At times of gas shortage service to consumers under this schedule will be shut off in favor of consumers served under Schedules No. 4-A, No. 4-B and No. 4-C.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this

18th day of November, 1919.

Edwin A. Ely
H. L. ...
Frank ...
H. R. ...
Jessie ...
Commissioners