

ORIGINAL

Decision No. 8073

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
NEEDLES GAS AND ELECTRIC COMPANY re-)
questing that the Railroad Commission)
establish reasonable rates for elec-) Application No. 5083.
tric, gas and telephone service supplied)
to its customers in the City of Needles)
and surrounding territory.)

R. S. Masson and G. E. Trench, for
Applicant.
Ben Harrison, for City of Needles.
J. M. Foster, for Certain Protestants.
J. H. May, for Certain Protestants.

BY THE COMMISSION:

O P I N I O N

Needles Gas and Electric Company, a utility rendering gas, electric and telephone service in the City of Needles and surrounding territory in Riverside County, in its application asks that this Commission fix just and reasonable rates for gas, electric and telephone service rendered by it.

The application was filed on October 28, 1919 and a hearing held in this proceeding on January 26, 1920 at Needles before Examiner Satterwhite. At about the time the hearing was held a change was being effected in applicant's control and management, and the new management thereafter requested that the Commission delay the decision in this matter while steps were taken to improve service conditions and to determine whether, by certain economies, the property could be operated without the necessity of further increasing the rates. For these

reasons the decision herein has been pending until the present time.

After the operation of the property under the new management for approximately six months, the Commission received advices from Mr. R. S. Masson, applicant's General Manager, that relief in the form of higher rates was imperative. In the light of all the facts now before the Commission the matter is ready for decision.

An analysis of the operations of the Electric Department of Needles Gas and Electric Company shows that under existing conditions the rates now in effect, with increased minimum charges, will produce a normal rate of return upon the company's property. Its rates for electric service, including the surcharges heretofore granted, are at present relatively high, and it does not appear that any general increase should now be made in its electric rates. We conclude, however, that the request of applicant for an increase in the minimum charge for electric service is warranted.

The rate charged for gas in 1917 was \$1.75 per 1,000 cu.ft. The Commission, in Decision No. 5708, dated August 26, 1918, (Opinions and Orders of the Railroad Commission of the State of California, Vol. 15, Page 1093), authorized applicant to increase its gas rates by the addition of a surcharge of 30 cents per thousand, making the rate \$2.05 per thousand. The price of oil paid by applicant in 1917 was \$1.23 per barrel f.o.b. Needles. On July 1, 1920 the price had increased to \$2.57 per barrel, and since that time there has been a further increase of 12 cents per barrel in the field prices of oil, and an additional increase in freight charges of 20¢ per barrel, as a result of which oil now

costs applicant about \$2.90 per barrel f.o.b. Needles.

The increase in cost of delivery of gas by applicant from 1917 to and including the last increase in price of oil will be approximately 96 cents per thousand sold. Applicant has to date received an increase of 30 cents per thousand. From a study of the operations of the company for 1919 and 1920 to date, and with corrections made for economies in operation, it appears that applicant should be granted at this time a further increase in rates for gas service of at least 55 cents per thousand cubic feet. Even with such an increase its earnings for the gas property will be relatively low.

The operation of small gas plants, such as this one, at a reasonable profit is impossible except at relatively high rates per thousand cubic feet. Applicant's consumers must expect to pay sufficient rates so that the service in this community may be continued and a good quality of service rendered. Unless rate increases are granted to meet rising costs of operation, discontinuance of service must ultimately result, as neither the Commission nor the public can expect continued operation without remuneration.

No modification is made in applicant's rates for telephone service at this time. However, such changes in telephone rates as shall be found proper will be covered by a supplemental order.

O R D E R

Needles Gas and Electric Company having applied to the Commission for the determination of just and reasonable rates for electric, gas and telephone service, a hearing having been held and the matter being submitted and now ready for decision,

The Railroad Commission hereby finds as a fact that the rates for gas and electricity now charged by Needles Gas and Electric Company, in so far as they differ from the rates hereinafter established, are not just and reasonable rates and that the rates hereinafter set forth are just and reasonable rates for gas and electric service supplied by Needles Gas and Electric Company.

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

IT IS HEREBY ORDERED that Needles Gas and Electric Company be and it is hereby authorized to charge and collect for electric service supplied the following rates, applicable to all bills rendered based upon regular meter readings taken on and after the 20th day of September, 1920.

SCHEDULE NO. A

DOMESTIC AND RESIDENCE SERVICE

TERRITORY

Entire territory served by Company.

RATE

First	20 k.w.h. per meter per month	...	16 $\frac{1}{2}$ ¢	per k.w.h.
All over 20	" " " " " "	...	11 $\frac{1}{2}$ ¢	" "

MINIMUM CHARGE

\$1.50 per Meter per Month.

SPECIAL CONDITIONS

Motors of 1/2 h.p. or less capacity may receive service under this schedule.

SCHEDULE NO. B

COMMERCIAL LIGHTING SERVICE

TERRITORY:

Entire territory served by Company.

RATE:

For an amount of energy equal to or less than 75 hours' use per month of the maximum demand, the rate to be 15¢ per k.w.h.

For all energy in excess of the above the rate to be 9 $\frac{1}{2}$ ¢ " "

MINIMUM CHARGE:

\$1.00 per Month per Kilowatt or fraction thereof of the maximum demand, but in no case less than \$1.00 per month.

SPECIAL CONDITIONS:

The maximum demand shall be determined by test or inspection by the Company. The Company will notify the consumer of such test so that he may be present if he so desires.

SCHEDULE NO. C

Refile Schedule "C" increasing the unit rates therein set forth by 1 $\frac{1}{2}$ ¢, the amount of the surcharge heretofore in effect.

SCHEDULE NO. D

Refile the existing Schedule "D".

IT IS HEREBY FURTHER ORDERED that Needles Gas and Electric Company be and it is hereby authorized to charge and collect for gas service, the following rates applicable to all bills rendered based upon regular meter readings taken on and after the 20th day of September, 1920:

SCHEDULE NO. A

DOMESTIC AND RESIDENCE SERVICE

TERRITORY:

Applicable to entire territory served.

RATE:

First	500	cu.ft.	or less	per meter	per month	.	\$1.50			
Next	2500	"	"	"	"	"	2.70	per M	cu.ft.	
Next	7000	"	"	"	"	"	2.40	"	"	"
Over	10000	"	"	"	"	"	2.20	"	"	"

SCHEDULE NO. B

COMMERCIAL SERVICE

TERRITORY:

Applicable to entire territory served.

RATE:

(a) Readiness-to-Serve Charge

\$3.00 per meter per month.

(b) Consumption Charge

First	25,000	cu.ft.	per meter	per mo.	.	\$1.80	per M	cu.ft.
Over	25,000	"	"	"	"	1.40	"	"

The total charge is the sum of the Readiness-to-Serve and Consumption Charges.

PROVIDED, Needles Gas and Electric Company shall within 10 days of the date of this order file with the Railroad Commission

the schedules of electric and gas rates herein authorized.

Dated at San Francisco, California, this 10th day
of September, 1920.

Edwin O. Edgerton

H. J. Loveland

H. B. Bannister

Dwight Martin

Commissioners.