

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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ORIGINAL

In the matter of the application :
of CITRUS BELT GAS COMPANY for an : Application No. 6010
increase in gas rates. :

W. S. McHab, for applicant.
A. B. Brock, Mayor and F. L. Leonard,
City Attorney for City of Redlands.

EDGERTON, Commissioner:

O P I N I O N

In this application and in other separate applications, Citrus Belt Gas Company seeks authority to increase its rates and charges for gas supplied in the cities of Redlands, San Bernardino, Colton and Corona.

A hearing was held in Redlands on September 14, 1920, at which time evidence relating to applicant's entire gas operations was presented and the matter is now submitted and ready for decision.

The rates now charged for gas by applicant in the City of Redlands and in the City of Corona have been in effect since October 15, 1917 and in the cities of San Bernardino and Colton since May 5, 1918 without change, although applicant's operations have meanwhile been subject to substantially greater costs of operation.

Applicant's revenues have remained practically stationary and the increases in the cost of bit used in gas manufacture and in labor and materials used in gas operations have resulted in the practical elimination of any net return to the company from its business. Oil has increased from \$1.60 per barrel to \$2.60 per barrel in the interim. This, in addition to the increase in other operating expenses, results in the present rates being from fifty to sixty cents per thousand cubic feet below what is necessary to provide the revenue for meeting the ordinary expenses of the business and a nominal return.

The situation confronting the people of these communities supplied by applicant is such that they are in imminent danger of losing their gas supply within a few days. Applicant's credit is completely exhausted, it can no longer obtain oil for gas manufacture and the amount of oil now on hand will not last more than a few days. The lack of funds by reason of the insufficient rates now charged has resulted in applicant's inability to properly maintain its system and provide service. The people of Redlands in particular have suffered this condition for some months and a very definite expression from them shows that they are willing to pay any reasonable price for gas if they be assured a continued and reasonably satisfactory service.

Negotiations have been under way for some time for the acquirement of applicant's properties and business by Southern California Gas Company. A cloud on the title of applicant's properties, however, due to suits now pending in the courts, has prevented the culmination of this transaction and the expectation of its early settlement has deterred applicant from making the necessary improvements to its system or from applying for the obviously necessary higher rates.

An examination of the operating costs and present revenues shows the necessity of an increase in rates in the several communi-

ties varying from fifty to sixty cents per thousand cubic feet and increases in the minimum charges now in effect. Unless relief in the form of higher rates and greater revenue is available to applicant, ^{at once} there appears to be no other alternative than for it to discontinue gas service in these communities. Such would be a genuine disaster to all concerned, and must be avoided by immediate relief. For many months past, consumers have been paying gas rates that have been wholly inadequate to meet the expenses of the business and the real emergency confronting both the applicant and the communities it serves makes it necessary to place the increased rates in effect without delay.

The rates set forth in the Order herein represent substantial increases at this time over the rates now in effect, for the reason that applicant has not heretofore sought the relief in higher rates to which it was entitled from time to time in the past as its operating costs increased. The rates herein established should result in giving applicant funds to completely cover its operating costs and additional for return on its property. Its credit should be thereby restored and continued operations assured for some time. The higher rates herein granted to applicant impose upon it the obligation to improve its service and fully maintain its systems.

Increase in rates for San Bernardino is not authorized as existing competition will make impossible any relief to the company from this source.

I herewith submit the following form of Order:

O R D E R

Citrus Belt Gas Company having applied to the Railroad Commission for authority to increase its rates for gas, a hearing having been held, the matter submitted and ready for decision;

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FINDS AS A FACT that the rates for gas now charged by Citrus Belt Gas Company are not fair or reasonable rates in so far as they do

not provide sufficient revenue to meet present costs of operation and in so far as they differ from the rates herein established, which rates, under present conditions, are just and reasonable rates for gas.

Based on its Order upon 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 Citrus Belt Gas Company be and it is hereby authorized to charge and collect the rates for gas service in the localities respectively set forth in the following schedules of rates, which rates shall be applicable to all gas service for which bills are rendered on and after the date of this Order.

Schedule No. 1

General Service

City of Redlands and Vicinity

First	400	cu.ft.	per	meter	per	mo.	or	less	\$1.00	per	M	cu.	ft.
Next	2,600	"	"	"	"	"	"	"	2.00	per	M	cu.	ft.
"	7,000	"	"	"	"	"	"	"	1.75	"	"	"	"
All Over	10,000	"	"	"	"	"	"	"	1.50	"	"	"	"

Schedule No. 2

General Service

City of Corona and Vicinity

									<u>Gross</u>	<u>Net</u>
First	500	cu.ft.	per	meter	per	mo.	\$			
								or less	1.50	1.40
Next	2,500	cu. ft.	per	meter	per	mo.			2.25	2.15 per M cu.ft.
"	7,000	"	"	"	"	"	"	"	2.00	" " " "
All Over	10,000	"	"	"	"	"	"	"	1.75	" " " "

The net rate applies if bills paid within ten days of presentation; otherwise the gross rate applies.

Schedule No. 3

General Service

Colton and Vicinity

First	500	cu.ft.	per	meter	per	mo.	or	less	\$1.00	per	M	cu.	ft.
Next	4,500	"	"	"	"	"	"	"	1.75	per	M	cu.	ft.
"	5,000	"	"	"	"	"	"	"	1.60	"	"	"	"
All over	10,000	"	"	"	"	"	"	"	1.50	"	"	"	"

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

90th day of September, 1920.

Edwin O. Edgerton

Frank D. ...

H. B. Brundage

Commissioners.