

Decision No. 81376

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
McCLOUD GAS CO., INC., a California
Corporation, for authority to increase
rates for propane gas service to offset
increases in the cost of gas purchased
from Union Oil Company.

Application No. 53904
(Filed March 19, 1973)

O P I N I O N

McCloud Gas Co., Inc., seeks authority to increase rates to offset increased cost of liquid propane gas purchased from Union Oil Company.

Rates

All of applicant's approximately 486 domestic, commercial, and industrial customers are served under a single general service rate schedule for propane gas for cooking, water heating, and space heating. Application No. 53904 requests authorization of a rate increase of \$0.015 per therm.

Necessity of Rate Relief

The propane gas sold by applicant to its McCloud customers is supplied to applicant via Union Oil Company's Battles plant. On March 1, 1973, the cost to applicant of the propane gas sold to its customers in McCloud was increased from \$0.0648 per gallon to \$0.07825 per gallon. This increased cost of gas will result in estimated annual increased expenses to applicant of \$9,406 based on projected 1973 sales. An increase in rates of \$0.015 per therm will produce the required revenue necessary to offset this increased cost. Therefore, applicant requests that the Commission issue an order, without hearing, to authorize applicant to raise its rates by this amount.

Adopted Results

For this proceeding we adopt the following summary of earnings as representative of the results of operation which reasonably can be expected under normalized conditions in the immediate future

under the rates authorized herein. For this purpose the anticipated operations for the Calendar Year 1973 were used.

<u>Operating Revenue</u>	\$138,586
<u>Operating Expenses</u>	
Cost of Gas	74,969
Distribution - Operation	10,400
- Maintenance	1,270
Administrative and General	6,290
Indirect Management	4,600
Depreciation	8,290
Taxes Other than Income & Franchise Fees	7,992
Uncollectibles	105
Subtotal	113,916
Income Taxes - State	1,338
- Federal	4,020
	119,274
Net Revenue	19,312
Rate Base	242,811
Rate of Return	7.95%

The rate of return reduces to slightly under the 8% level which was determined to be just and reasonable in Decision No. 81014.

Notice of Filing

Notice of filing of application to increase rates was published in the Dunsmuir News on April 4, 1973. Similar notice was sent via mail on March 26, 1973, to the County Counsel and the County Clerk of Siskiyou County and to the California Farm Bureau Federation. As of April 10, 1973, no responses were received by the utility concerning any of the above notices.

Findings of Fact

1. Applicant is in need of additional revenues.
2. The Commission finds that a public hearing is not necessary.

3. The increase in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
4. In compliance with Rule 23.1 of this Commission's Rules of Practice and Procedure promulgated pursuant to the Economic Stabilization Act of 1970,
 - (a) The rate increase is cost-justified insofar as McCloud's fuel costs have increased since its last rate increase.
 - (b) The rate increase does not reflect future inflationary expectations. It is based upon 1973 anticipated operations and all of the items of increase have been measured with respect to their impact upon total operating costs.

Conclusion

The Commission finds that this request is reasonable and should be granted as hereafter ordered.





O R D E R

IT IS ORDERED that on or after the effective date of this order, McCloud Gas Co., Inc. is authorized to file revised tariff sheets with the rates, charges, or conditions as set forth in Appendix A attached hereto. Such filing shall comply with General Order No. 96-A. The effective date of the revised rate schedule shall be one day after the date of filing. The revised tariff

schedules shall apply only to service rendered on and after the effective date thereof.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 15th day of MAY, 1973.


President



Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

RATES - McCLOUD GAS CO., INC.

Applicant's rates, charges and conditions are changed to the level or extent as set forth in this appendix.

Schedule No. G-80

GENERAL SERVICE

<u>Rates</u>		<u>Per Meter</u> <u>Per Month</u>
First	2 therms or less	\$3.15
Next	18 therms, per therm	.218
Next	30 therms, per therm	.207
Next	950 therms, per therm	.196
Over 1,000	therms, per therm	.161

Minimum Charge: the charge for the first two therms.