

**ORIGINAL**Decision no. 18009.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the Application  
of SOUTHERN COUNTIES GAS COMPANY  
OF CALIFORNIA, for an increase of  
its existing rates, and to estab-  
lish reasonable rates for natural  
gas supplied to its consumers in  
its Western District.

Application No. 13,477.

Leroy M. Edwards, for Applicant.  
Jess E. Stephens, City Attorney, Milton Bryan,  
and J. L. Ronnow, Deputy City Attorneys,  
for the City of Los Angeles.  
Chester L. Coffin, City Attorney, for the  
City of Santa Monica.  
A. H. King, City Attorney, for the City of Culver  
City.

SEAVEY, COMMISSIONER:

O P I N I O N

This is an application of Southern Counties Gas Company of California asking the Railroad Commission of the State of California for an order authorizing applicant to increase its rates for gas supplied to its consumers in its Western District.

Southern Counties Gas Company of California operates extensive gas transmission and distribution facilities in Southern California, the territory involved in the present proceeding being the Cities of Santa Monica, Culver City, Barnes and those portions of the City of Los Angeles known as Venice, Sawtelle, Palms and contiguous territory. As this particular portion of the Southern Counties Gas Company's properties is detached from the balance of the transmission and distribution system, it has for some years been supplied with gas purchased from Southern California Gas Company.

Prior to January 27th of this year, gas so supplied has been an admixture of artificial and natural gas, and commencing with that date, straight natural gas has been supplied.

A public hearing was held in Los Angeles on February 10, 1927. Applicant submitted ten exhibits, which were explained by testimony, and applicant's witnesses testified on past operations of the company, book investment, intangible capital, rate base, rate of return, increased heat content of natural gas as compared to mixed gas, and related matters.

Mr. C. C. Brown, of the Commission's Engineering Department, submitted and explained an exhibit which related to the substitution of natural gas for mixed gas in applicant's Western Division, the reduction in net revenue to be expected, and the necessary increase in gas rates to yield the same rate of return with natural gas service as has been realized with mixed gas service.

Cross examination of witnesses was deferred until April 5th, to which date the hearing was adjourned.

Applicant, through statement by counsel, amended its application, asking the Commission to grant immediate and temporary relief through increased rates to apply until such time as permanent rates shall be established. Attorney for the City of Santa Monica proposed an increase in rates to domestic and commercial consumers, effective March 1, 1927, which would yield somewhat more than a twenty (20) per cent increase in revenue from those consumers. Attorney for the City of Los Angeles protested granting temporary relief in any amount greater than fifteen (15) per cent increase of present rates.

The matter before the Commission at the present time is therefore limited to consideration of what relief, if any, should be granted applicant in the nature of increased rates to apply pending final determination of just and reasonable rates. Such matters as determination of reasonable rate base, and rate of return, need not be discussed here other than to state that the showing so far made

indicates past rate of return has not been excessive. It appears that the substitution of natural gas of comparatively high heating value for mixed gas of lower heating value, reduces the gas consumption necessary to obtain equivalent results. Consequently, the gross revenue of the company will be substantially reduced if rates previously established for mixed gas service remain unchanged, and to the extent that economies of operation do not counteract such reduction of gross revenue, net revenue will likewise be reduced.

In the present instance evidence indicates that the service of natural gas at the former mixed gas rates will effect a decrease of substantially twenty (20) per cent in the average consumer's requirements, and roughly the same percentage decrease in his bills.

An increase of substantially fifteen (15) per cent in present mixed gas rates will yield the company a return on investment about equal to that which would be received if the mixed gas service had been continued. Pending such time as the hearing in this application is concluded, final determination of rates, made, and such rates placed in effect, I feel that the company should be granted an increase of substantially fifteen (15) per cent in those rates formerly applying to mixed gas service. In view of the higher heating value of the natural gas now being supplied to consumers who were previously supplied with mixed gas, such increased rates applying to natural gas will be more favorable to these consumers than the present rates would be with a continuation of the mixed gas service.

The rates set forth in Exhibit "A" hereto attached will yield substantially such increase. The following form of Order is recommended.

O R D E R

Southern Counties Gas Company of California, having applied to the Railroad Commission of the State of California for an increase in rates for natural gas now being supplied by it in its Western District

in lieu of mixed gas heretofore supplied, and there being sufficient evidence before the Commission to justify an increase pending the final decision in this matter,

IT IS HEREBY ORDERED that Southern Counties Gas Company of California be and it is hereby authorized pending final determination in this matter to charge and collect, effective for all regular meter readings taken on and after the 24<sup>th</sup> day of February, 1927, the schedule of rates set forth in Exhibit "A", said Exhibit being attached hereto, and made a part hereof.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

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 21 day of Feb, 1927.

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*

\_\_\_\_\_

Commissioners.

EXHIBIT "A"

SCHEDULE NO. 3-A.

(Superseding Schedule No. 3-A)

GENERAL SERVICE:

Applicable to Domestic and Commercial Service for lighting, heating and cooking.

Natural Gas.

TERRITORY:

Applicable to Western District including Santa Monica, Palms, Venice, Ocean Park, Culver City, Sawtelle and adjacent territory.

RATE:

First	4,000	cu. ft.	per meter	per month,	\$1.15	per	m.cu.ft.
Next	11,000	"	"	"	1.05	"	"
Next	25,000	"	"	"	.85	"	"
All over	40,000	"	"	"	.72	"	"

MINIMUM CHARGE:

\$1.00 per meter per month.

SCHEDULE NO. 3-B

(Superseding Schedule No. 3-B)

GAS ENGINE SERVICE:

Applicable to service for internal combustion engines only.

Natural Gas.

TERRITORY:

Applicable to Western District including Santa Monica, Palms, Venice, Ocean Park, Culver City, Sawtelle and adjacent territory.

RATE:

First	100,000	cu.ft.	per	meter	per	no.	\$0.50	per	m.C.F.
Next	400,000	"	"	"	"	"	0.45	"	"
All over	500,000	"	"	"	"	"	0.40	"	"

MINIMUM CHARGE:

\$3.00 per meter per month.

for continuous yearly service, accumulative annual minimum of \$36.00 per meter.

SPECIAL CONDITIONS:

Measurement based upon the unit of 1000 cubic feet of gas at 4-ounce pressure above atmosphere. Consumers served under this schedule are subject to the prior use of consumers served under Schedule No. 3-A, but have priority in the use of gas over consumers served under Schedules No. 3-C, No. 3-D and No. 3-E, at times when there is insufficient gas to supply the demands of all consumers.

SCHEDULE NO. 3-C

(Superseding Schedule No. 3-C)

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 demands for gas are not dependent upon atmospheric temperature, or upon the preparation of meals and whose times of maximum demand, if any, do not coincide with the maximum demand of consumers served under Schedule No. 3-A.

Natural Gas.

TERRITORY:

Applicable to western District including Santa Monica, Venice, Ocean Park, Culver City, Palms, Sawtelle and adjacent territory.

RATE:

First	50,000	cu.ft.	per	meter	per	mo.	\$.70	per	m.cu.ft.
Next	150,000	"	"	"	"	"	.60	"	"
All over	200,000	"	"	"	"	"	.55	"	"

MINIMUM CHARGE:

\$8.00 per meter per month.

For continuous yearly service, accumulative annual minimum of \$96.00 per meter.

SPECIAL CONDITIONS:

Consumers served under this schedule have priority in the use of gas over consumers served under Schedules No. 3-D and No. 3-K, but are subject to the prior use of consumers served under Schedules No. 3-A and No. 3-B, at times when there is insufficient gas to supply the demand of all consumers.

SCHEDULE NO. 3-D

(Superseding Schedule No. 3-D)

SURPLUS COMMERCIAL SERVICE:

Applicable to Commercial Service on existing mains having a delivery capacity in excess of the present requirements of consumers served under Schedules No. 3-A, No. 3-B and No. 3-C; for general use in apartments, hotels, restaurants, and business buildings which are equipped to use other fuels and can be changed over to use other fuels on thirty minutes notice. Consumers receiving service under this schedule are required to maintain adequate supplies of such other fuels.

Natural Gas.

TERRITORY:

Applicable to Western District including Santa Monica, Palms, Venice, Ocean Park, Culver City, Sawtelle and adjacent territory.

RATE:

70¢ per 1,000 cubic feet.

MINIMUM CHARGE:

\$6.00 per meter per month.

For continuous yearly service, accumulative annual minimum of \$72.00 per meter.

SPECIAL CONDITIONS:

Consumers served under this Schedule have priority in the use of gas over consumers served under Schedule No. 3-E, but are subject to the prior use of consumers served under Schedules No. 3-A, No. 3-B, and No. 3-C, at times when the supply is insufficient for the demands of all consumers.

A contract for a period of one year will be required as a condition precedent to service under this schedule.



SCHEDULE NO. 3-E

(Superseding Schedule No. 3-E)

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. 3-A, No. 3-B, No. 3-C and No. 3-D; for use in steam boilers, incinerators, kilns, or similar equipment, in which the gas is not used to heat buildings or to prepare meals, and which are equipped to use other fuels, and can be converted to use other fuels on thirty minutes notice. Consumers receiving service under this Schedule are required to maintain adequate supplies of such other fuels.

Natural Gas.

TERRITORY:

Applicable to Western District including Santa Monica, Venice, Ocean Park, Culver City, Palms, Sawtelle and adjacent territory.

RATE:

40¢ per thousand cubic feet.

MINIMUM CHARGE:

\$50.00 per meter per month.

SPECIAL CONDITIONS:

At times of gas shortage service to consumers under this schedule will be shut off in favor of consumers served under Schedule No. 3-A, No. 3-B, No. 3-C, and No. 3-D.

A contract for a period of one year will be required as a condition precedent to service under this schedule.