

Decision No. 22829

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Railroad Commission of the State of California granting to applicant a certificate of public convenience and necessity to construct the gas transmission lines and systems herein described, and to exercise the right, privilege and franchise granted to applicant by Ordinance No. 141 of the Board of Supervisors of the County of Kings; and fixing and establishing fair and reasonable rates and charges to be collected by applicant from its consumers in the City of Fresno and suburbs for the service of natural gas.

ORIGINAL

Application No. 15696

WHITSELL, COMMISSIONER:

SECOND SUPPLEMENTAL OPINION AND ORDER

In its Decision No. 21421, dated August 3, 1929, and No. 21545, dated September 12, 1929, on Application No. 15696, this Commission made its orders granting to Pacific Gas and Electric Company a certificate of public convenience and necessity for the construction and operation of a certain natural gas transmission project in Fresno and Kings Counties and for the exercise of franchise rights granted to applicant by said counties, insofar as such rights were necessary in the supplying of natural gas to applicant's consumers in the City of Fresno and suburbs.

In these decisions the question of natural gas rates for the City of Fresno and suburbs was not covered.

At public hearings held on this application, testimony and evidence was introduced setting forth estimates of operating,

revenues, expenses, and rate of return for the first three years of natural gas service. Testimony and evidence was also introduced at these hearings setting forth the fact that for some months last past applicant has been serving straight natural gas to all of its gas consumers in the City of Fresno and suburbs.

Such being the case, it is my opinion that interim gas rates should be established in this community at once.

As to the form of interim rate to be adopted, it is my opinion that the so-called "service charge" form of rate is the most equitable and just form of rate, in that it more properly allocates the cost of service among consumers than does the so-called "minimum" or "block" form of rate. Under the service charge form of rate, a portion of the consumer costs of the service is charged directly to each consumer who uses the service, and under it each such consumer pays at least a portion of the cost of his being a consumer. The payment of this portion of the cost of service as a service charge by the convenience consumer relieves the necessity of the payment of his deficiency by the other consumers who use gas in substantial quantities in maintaining their homes. It is further obvious that the payment by each consumer of his portion of the consumer costs makes possible a lower unit rate for the gas itself, thereby encouraging further use of gas.

While the record in this case indicates that the service charge form of rate is the most equitable, the representatives of the communities involved in this application have opposed this form of rate on the ground that the people of such com-

munities did not wish it. In order to give more time for the consideration of the form of rates and solely for the purpose of the establishment of interim rates, the minimum charge form of rate indicated in the following order will be established. In this connection, however, it definitely should be stated that unless the record is substantially changed, I shall deem it my duty to recommend, in the fixing of permanent rates in this matter, principally for the protection of the interests of the family consumer who uses gas in substantial quantities, that the service charge form of rate be established.

I recommend the following form of order.

O R D E R

Pacific Gas and Electric Company having asked the Railroad Commission of the State of California to make its order and decision fixing and establishing fair and reasonable rates and charges to be collected by applicant from its consumers in the City of Fresno and suburbs for the service of natural gas, such service now having entirely superseded the service of manufactured gas heretofore rendered in that community, it being deemed necessary to establish interim rates for such natural gas service at once, public hearings having been held, the matter insofar as interim rates are concerned being submitted and now ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
HEREBY ORDERS that Pacific Gas and Electric Company file and

make effective at once the following interim Schedule G-3-N for general natural gas service in the City of Fresno and contiguous suburbs and upon the filing of said Schedule G-3-N that it withdraw and cancel its present manufactured gas Schedule G-3.

THE COMMISSION HEREBY FURTHER AUTHORIZES Pacific Gas and Electric Company to amortize and write off such unusual and extraordinary expenses as shall be incurred in the substitution of natural gas service for the manufactured gas service heretofore rendered, during a three year period, commencing with the record year of natural gas service in the territory involved in this petition.

The order herein contained and the authorization herein granted, except as otherwise specifically provided, shall be effective from and after the date of this order.

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 9th day of July, 1930.

C. L. Leary

Leon Whitehall

Thomas G. Smith

Commissioners.

SCHEDULE G-3-N

CHARACTER OF SERVICE:

Natural gas for light, heat and power service will be supplied, of a heating value as specified and under conditions provided for in Rules and Regulations filed with the Railroad Commission of the State of California.

TERRITORY:

This rate applies to the following localities:

City of Fresno and contiguous suburbs supplied from City of Fresno distribution system.

RATE:

First 200 cubic feet or less per meter per month:										
	Incorporated territory.....								\$0.70	
	Unincorporated territory.....								1.00	
Next	4,800	cubic feet per	meter	per	month..	8.5¢	per	100	Cu.Ft.	
Next	25,000	"	"	"	"	7.5¢	"	"	"	
Next	170,000	"	"	"	"	6.0¢	"	"	"	
All										
Over	200,000	"	"	"	"	5.0¢	"	"	"	