

Decision No. 22687.

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 line and system herein described; and to exercise the right, privilege and franchise granted to applicant by Ordinance No. 118 of The Board of Supervisors of the County of San Benito; and fixing and establishing fair and reasonable rates to be charged and collected by applicant from its consumers for the natural gas service herein referred to.

ORIGINAL

Application No. 15697.

WHITSELL, COMMISSIONER:

TERED SUPPLEMENTAL OPINION AND ORDER

In its Decisions No. 21363, dated July 8, 1929, No. 21508, dated August 30, 1929, and No. 22110, dated February 11, 1930, in Application No. 15697, this Commission granted to Pacific Gas and Electric Company a certificate of public convenience and necessity for its construction and operation of a certain natural gas transmission project in the counties of San Benito and Monterey, and the exercise of franchise rights granted to applicant by said counties and by the City of Carmel-by-the-Sea.

In those decisions the question of rate schedules for the service of natural gas was not covered.

In this application Pacific Gas and Electric Company asks that the Commission make its order and decision fixing and establishing schedules of fair and reasonable rates and charges

to be charged and collected by applicant for natural gas service in the cities of Salinas, Monterey, Pacific Grove and Carmel-by-the-Sea and territory adjacent thereto, authorizing applicant to thereupon withdraw and cancel Coast Valleys Gas and Electric Company's Schedule A (Revised Sheet C.R.C. No. 113-G) and Schedule B (Revised Sheet C.R.C. No. 114-G), and to modify and revise said Coast Valleys Gas and Electric Company's preliminary Statement (Revised Sheet C.R.C. No. 106-G) and Rule and Regulation No. 2 (Revised Sheet C.R.C. No. 107-G) to carry out and conform to the plan set forth in Application No. 15697.

On June 27, 1929, there were accepted for filing revised Preliminary Statement and Rule and Regulation No. 2 (the latter having now been superseded by Revised Sheet C.R.C. No. 347-G, filed June 1, 1930) and the following sheets:

Schedule G-17 - Original Sheet C.R.C. No. 312-G,
Monterey and Pacific Grove and adjacent territory.

Schedule G-18 - Original Sheet C.R.C. No. 313-G,
Salinas and adjacent territory.

At public hearings held in 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 in this territory. Testimony was also introduced by applicant setting forth the fact that under authority heretofore granted to it by this Commission applicant has been and is now constructing natural gas transmission lines for the purpose of transporting natural gas to these communities; that these lines will very shortly be completed and when so completed natural gas will be available for distribution in said communities.

Such being the case, it is my opinion that interim natural gas rates should be established in these communities 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 his 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.

The record in this case indicates that the service charge form of rate is the most equitable. 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 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:

ORDER

Pacific Gas and Electric Company having asked the Railroad Commission of the State of California to make its order and decision fixing and establishing schedules of fair and reasonable rates and charges to be charged and collected by applicant for natural gas service in the cities of Salinas, Monterey, Pacific Grove and Carmel-by-the-Sea and territory adjacent thereto, and upon the filing and making effective thereof authorizing applicant to withdraw and cancel the present effective schedules covering manufactured gas service in these communities, the service of natural gas in these communities being imminent, it being deemed necessary to establish interim rates for such service at once, public hearings having been held, the matter in so far 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 Schedules G-5-N and G-7-N, provided that no consumer shall be rendered a monthly bill at the natural gas rate unless he has had at least fifteen (15) days of natural gas service.

The Commission hereby further orders that upon the completion of the substitution of natural gas service in the communities involved and upon the filing and making effective of said schedules of rates for natural gas service, Pacific Gas and Electric Company is hereby authorized to withdraw and cancel its present Schedules G-17 and G-18.

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 present artificial gas service during a three year period, commencing with the second year of natural gas service in the territory involved in the petition.

The authorization herein granted except as otherwise specifically provided shall be 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 10th day of July, 1930.

Cl. Sweeney

Leon Whiskey
Thos. J. Latta

Commissioners.

