

Decision No. 5678

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA

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ORIGINAL

In the matter of the application of :  
SOUTHERN COUNTIES GAS COMPANY OF :  
CALIFORNIA for authority to increase :  
its rates for natural gas supplied to :  
its Western District, consisting of :  
the cities and towns of Santa Monica, :  
Sawtelle, Ocean Park, Venice, Palms, :  
Culver City and contiguous unincor- :  
porated territory. :

Application  
No. 3447

OPINION & ORDER ON PETITION FOR REHEARING

BY THE COMMISSION:

The applications of the Southern Counties Gas Company of California to increase its rates for natural gas supplied to its consumers in its various districts known as the southern, eastern and western districts, were filed on January 11, 1918. Thereafter, said applications were amended by requesting the Railroad Commission of California to establish reasonable rates for natural gas supplied by said applicant in said districts. Public hearings were held in and for the different districts and the matters and things incident to the applications were exhaustively investigated. Thereafter, on July 3rd, 1918, by Decision No. 5539, said applica-

tions were decided and just and reasonable rates fixed for the different districts of applicant, as prayed for in said applications.

Under date of August 2, 1918 the City of Santa Monica, California, through its City Attorney, Victor R. McLucas, filed with the Commission a petition for rehearing of said application of the Southern Counties Gas Company to have its rates adjusted in its western district. Thereafter, on August 6, 1918, the City of Venice, California, through its City Attorney, Rush M. Blodgett, filed a similar petition for the City of Venice, also in the western district of said applicant.

Section 61 of the Public Utilities Act provides that the orders of the Commission shall become effective twenty (20) days from the time they are rendered and service of certified copy thereof made upon parties litigant, except as otherwise provided. These petitions for rehearing, therefore, were not filed within the specified twenty days nor was any request filed with the Commission within said twenty days to suspend the effective date of said orders until said petitions for rehearing could be filed. The orders of the Commission are, therefore, in full force and effect. If, however, a real injustice were to be suffered by any of the parties through such failure to file applications for rehearing within the required time, the Commission would be disposed to view the tardy applications with favor and to consider them on their merits. Such, however, is not the present situation.

The petitions now under consideration, namely, of Santa Monica and of Venice, both cities being in the western district, are identical, and what we may say herein refers to both. In substance, the petitions are based upon allegations that the rates charged in Santa Monica and in Venice are higher than elsewhere and because of that fact are discriminatory in character. No reference is made in the petitions for rehearing to the return upon the investment although it was clearly indicated in the decisions of the Commission that the rates were based not alone upon the heat content of the gas served but also upon the return upon investment. The evidence presented at the hearing also clearly demonstrated that the three districts of the Southern Counties Gas Company, namely, the southern, eastern and western, should be considered for the purpose of establishing just and reasonable rates as separate entities, the reason being that the Southern Counties Gas Company is compelled to pay different prices for gas served these districts.

It is set forth in the opinion upon the applications of the Southern Counties Gas Company for an increase in the rates that the western district, consisting of Santa Monica, Venice, Culver City, Palms, Sawtelle and contiguous territory, is all served with mixed gas purchased from Southern California Gas Company at Sawtelle; that the cost of the gas is dependent upon the cost of oil to the latter company, as

well as upon the mixture. For the present year, based upon oil at \$1.28 per bbl. and a gas mixture in the proportions of that amount being served, the gas is costing \$.289 per thousand cubic feet.

Petitions for rehearing allege that the price paid by Southern Counties Gas Company to Southern California Gas Company for gas served in the western district is excessive and that that fact is shown by the transcript of the evidence in the case; that the Economic Gas Company purchases gas at \$.14 per thousand cubic feet. We find nothing in the transcript supporting the statement of petitioners that the price of \$.289, not \$.25 as stated by petitioners, is exorbitant and based upon the present price of oil Southern Counties Gas Company will probably have to pay more for gas served this district during the year 1919. Economic Gas Company is buying some gas at \$.14 but is unable to get all that it wants and other contracts for gas at that price cannot be made.

In view of the facts as herein stated, we are of the opinion and find that the petitions of the City of Santa Monica and the City of Venice for rehearing of Application No. 3447 should be denied, and submit the following form of order:

O R D E R

Petitions having been received from the City of Santa Monica and the City of Venice for rehearing in the matter of the application of the Southern Counties

Gas Company to establish reasonable rates for mixed gas supplied to its western district, Application No. 3447, and the Commission having carefully reviewed the matter of such petitions,

IT IS HEREBY ORDERED that said petitions be and the same are hereby denied.

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 10<sup>th</sup> day of August, 1918.

Edwin O. Edgert  
H. D. Loveland  
Alfred Gordon  
Frank R. White  
Commissioners.