

Decision No. 9412

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
SAN DIEGO CONSOLIDATED GAS & ELECTRIC) Application No. 6078
COMPANY for an order of the Railroad)
Commission establishing rates to be) First Supplemental Appli-
charged by it for gas and electricity.) cation

BY THE COMMISSION:

OPINION ON FIRST SUPPLEMENTAL APPLICATION

San Diego Consolidated Gas and Electric Company re-
quests herein that the Commission issue a supplemental order
reducing applicant's basic rates for gas service as specified
in its Schedule No. 1 by an amount of 10 cents per thousand cu-
bic feet with the exception of the minimum charge; that a me-
thod be determined whereby applicant's gas rates as set forth
in Schedule No. 1 may be increased or decreased automatically
with increase or decrease in the price of oil; that, in addi-
tion, a further reduction of 2 cents per thousand cubic feet
be made applicable to Schedule No. 1 owing to the price of oil
being 10 cents per barrel below that on which the basic reduc-
tion is estimated. Applicant further requests that the reduc-
tion asked for be made effective for meter readings taken on
and after October 1st, 1921; that the rules, regulations and

rates, except those as to which the changes are specified in the request, remain unchanged, and requests such other relief that may to the Commission seem meet.

This Commission, in its Decision No. 8638 in Application No. 6078, dated February 21, 1921, authorized applicant to increase its gas and electric rates as specified therein. The gas rates therein fixed were based upon a price of oil of \$2.30 per barrel delivered to the Company's plant. Since the effective date of the decision applicant's operating expenses have been subject to increase due to the increase in the tax rate applicable to its service and its expenses have been subject to reduction due to the price of oil being reduced to \$1.90 per barrel effective May 13th, 1921 and a further reduction to \$1.65 per barrel at San Diego effective August 3rd, 1921. The net result of the increase in taxes and the reduction in the price of oil from the price of \$2.30 per barrel to \$1.65 per barrel is equivalent to a net reduction in the cost of gas service of approximately 12 cents per thousand cubic feet of gas sold.

Applicant has herein proposed a new rate for general gas service in its San Diego Division which is 10 cents per thousand cubic feet below the rate fixed in Decision No. 8638 and it proposes further that this be considered as a basic rate computed on a price of oil of \$1.75 per barrel, and that the Commission include in the schedule a provision that the rate will be subject to an increase or decrease of 2.4¢ per thousand cubic feet for an increase or decrease in the price of oil of not less than 10 cents per barrel above or below \$1.75 per barrel, such change to be to the nearest one cent. The price of oil effective for deliveries on and after August 3rd is \$1.65 per barrel, making the total reduction under the proposed sche-

dule 12 cents per thousand cubic feet.

The Commission has had a careful analysis made of the resultant effect of the increase in taxes and reduction in the price of oil below that estimated and finds that the reductions proposed by applicant are reasonable and that the resultant rates for gas service as set forth in Schedule No. 1 are just and reasonable rates. In its Decision No. 8638 the Commission also fixed rates for gas service rendered to the Tent City of Coronado specified as Schedule No. 2, and a special municipal arc service at La Jolla specified as Schedule No. 4. These two schedules cover special and limited service, the nature of which has limited the rate in the past to below the full cost of service, and we do not find that they should be reduced at this time.

In its petition applicant does not suggest a reduction in the rates for gas service rendered in Escondido and vicinity at this time. Applicant operates a small gas plant in Escondido, rendering service to approximately 260 consumers. In the rates heretofore fixed the Commission did not contemplate a full return upon the service rendered in this district owing to the value of the service. A study of the rates now in effect in Escondido shows that with the reduced price of oil the rates therein specified will not in the Commission's opinion be in excess of reasonable rates. It is further to be noted that the rates in Escondido, when compared with the rates for similar sized communities thruout the state, are not in excess of the rates found reasonable under the price of oil as it now exists. It is the Commission's opinion, however, should further reduction in the price of oil occur, that the rates charged in the City of Escondido should be reduced in proportion to the reduction in cost below the cost based upon an oil price

at San Diego of \$1.65 per barrel. It is to be contemplated, however, that should at a later time an increase in price of oil in excess of the present price of \$1.65 f.o.b. San Diego occur, the rates as now existing would not be increased except upon special approval of this Commission.

An analysis of the operations of San Diego Consolidated Gas and Electric Company shows that the oil cost of gas delivered to consumers in the San Diego Division varies at the rate of approximately 2.4¢ per thousand cubic feet for each 10¢ variation in the price of oil, and that the oil cost of gas served in Escondido and vicinity varies at the rate of 3¢ per thousand cubic feet for each 10¢ change in the price of oil.

From an analysis of the evidence in Application No. 6078 and the facts before the Commission in this Supplemental Application we are of the opinion that the application of San Diego Consolidated Gas and Electric Company for the reduction of its rates as set forth in the First Supplemental Application should be granted, that the rates should hereafter be varied as hereinafter ordered, and that the rates set forth in the Order herein and specified as Schedules Nos. 1 and 3 respectively are just and reasonable rates to be charged for the service rendered on the basis of the price of oil as specified. We are further of the opinion that a hearing in this proceeding is not necessary.

O R D E R

San Diego Consolidated Gas and Electric Company having applied for authority to reduce its general rates for gas service in the City of San Diego and vicinity and for a modifi-

cation of its rates whereby the same may be changed with the change in price of oil without the necessity of further hearings, and the Commission finding as a fact that the requests of San Diego Consolidated Gas and Electric Company when modified as herein set forth are just and reasonable, and that the rates as set forth hereafter are just and reasonable rates for gas service under the conditions as specified in the schedules respectively.

IT IS HEREBY ORDERED that San Diego Consolidated Gas and Electric Company be, and the same is, hereby authorized to make effective the following basic schedules of rates, the same to become effective based upon all meter readings taken on and after the first day of October, 1921:

SCHEDULE NO. 1

GENERAL GAS SERVICE

Gas of an average heating value of 540 B.T.U. per cubic foot will be supplied under this schedule for commercial service of gas for lighting, heating and cooking.

TERRITORY:

Applicable to San Diego District, including San Diego, East San Diego, National City, Chula Vista, La Mesa and Coronado.

RATE:

							<u>Gross</u>	<u>Net</u>
First	500 cu.ft.	or less	per month				\$.80	\$.70
Next	4,500 cu.ft.	per month	per M cu.ft.				1.45	1.35
"	10,000	"	"	"	"	"	1.35	1.25
"	15,000	"	"	"	"	"	1.10	1.10
"	20,000	"	"	"	"	"	1.00	1.00
"	25,000	"	"	"	"	"	.90	.90
All over	75,000	"	"	"	"	"	.80	.80

SCHEDULE NO. 1 (Cont'd)

RATE: (Cont'd)

The above rates are subject to increase or decrease on the basis of 2.4¢ per 1,000 cu.ft. for each 10% increase or decrease respectively in the cost of oil above or below the price of \$1.75 per barrel at San Diego upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

MINIMUM CHARGE:

The minimum charge is \$.85 per meter per month or portion thereof, subject to 10 cents discount for prompt payment discount.

PROMPT PAYMENT DISCOUNT:

All bills are rendered at the gross rate shown above. A discount reducing the bill to the net rate as shown is made for prompt payment in case bills are paid on or before the date due as shown on the bill rendered.

SPECIAL CONDITIONS:

In case of prepayment meters the rate charged shall be \$1.50 per thousand cubic feet for all gas consumed, subject to a minimum charge of 75 cents per meter per month.

SCHEDULE NO. 3

GENERAL GAS SERVICE

Gas of an average heating value of 570 B.T.U. per cubic foot will be supplied under this schedule for domestic and commercial service for lighting, heating and cooking.

TERRITORY:

Applicable in the City of Escondido.

SCHEDULE NO. 3 (Cont'd)

RATE:

	<u>Gross</u>	<u>Net</u>
First 500 cu.ft. or less per meter per month	\$1.10	\$1.00
Next 4,500 cu.ft. per meter per month		
" 5,000 " " " per M cu.ft.	1.95	1.85
" " " " " per month		
" 10,000 " " " per M cu.ft.	1.75	1.65
" " " " " per month		
All over 20,000 " " " per M cu.ft.	1.40	1.40
" " " " " per month		
" " " " " per M cu.ft.	1.25	1.25

The above rates are subject to decrease on the basis of 3¢ per 1,000 cu.ft. for each 10% decrease in the cost of oil below the price of \$1.65 per barrel f.o.b. San Diego upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

PROMPT PAYMENT DISCOUNT:

All bills are rendered at the gross rate shown above. A discount reducing the bill to the net rate as shown is made for prompt payment in case bills are paid on or before the date due as shown on the bill rendered.

IT IS HEREBY FURTHER ORDERED that:

1. The above Schedule No. 1 is hereby reduced 2¢ per 1,000 cubic feet effective for all meter readings taken on and after October 1st, 1921.
2. In case of a reduction in the price paid for oil, the San Diego Consolidated Gas and Electric Company shall file within 10 days thereafter an affidavit setting forth the new price paid for oil and shall thereafter, upon supplemental order of the Commission in this proceeding, charge the reduced rates as determined under the schedules herein set forth.
3. Should at any time an increase in price paid for oil occur, applicant may, after filing affidavit of such

increase and receiving a supplemental order from this Commission so authorizing, charge the increase in rates as determined under the schedules herein set forth.

4. San Diego Consolidated Gas and Electric Company shall file the above schedules to comply with the Order herein on or before September 20th, 1921.

Dated at San Francisco, California, this

24th day of August, 1921.

H. B. Rendice
H. D. Donaldson

W. A. Rouse
J. J. Pennington
Commissioners.

Certified as a True Copy

ASSISTANT SECRETARY
RAILROAD COMMISSION
STATE OF CALIFORNIA