

Decision No. 31571.

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 authorizing applicant to file and make effective a revised gas Rule and Regulation No. 2 and certain proposed amended and new gas rate schedules referred to herein and applicable to the service of natural gas obtained from the Rio Vista gas field, etc.

ORIGINAL

Application No. 22383.

R. W. DuVal, Attorney, for Applicant,  
Pacific Gas and Electric Company.

Russell F. O'Hara, City Attorney, for the  
City of Vallejo.

RILEY, COMMISSIONER:

O P I N I O N

In this application, the Pacific Gas and Electric Company, hereinafter sometimes referred to as Applicant, requests permission to substitute during the winter months of the year natural gas from the Rio Vista gas fields for gas from the Kettleman Hills and other Southern California gas fields in the so-called Vallejo-Benicia area; also, to file and make effective a revised Rule and Regulation No. 2 and to file and make effective certain modified gas rate schedules, and certain new gas rate schedules, in the territory referred to above for use during the period of serving Rio Vista gas.

A public hearing in this proceeding was held before Commissioner Riley in the City of Vallejo on December 8, 1938, where evidence was presented and the matter was submitted for decision.

The area in which the proposed change would be effective is that portion of the Applicant's North Bay Division not now supplied with Rio Vista gas and embraces the City of Vallejo, the Town of Benicia, and areas supplied from the Vallejo-Benicia transmission main and the Vallejo-Napa transmission main south of the Napa "Y" junction on the State Highway.

At the hearing witnesses for the Applicant testified that under presently existing conditions its gas transmission lines from Kettleman Hills to the bay area did not have sufficient capacity to meet the gas demands in the winter months, thereby necessitating occasional shutting off of the gas supply of its own steam and steam electric generating plants, as well as to other surplus gas consumers. These undesirable periods of gas shortage of necessity require substitution on the part of both customer and Applicant alike of higher price fuels for natural gas service.

Applicant's witnesses further pointed out there now exists a more than adequate supply in both gas and transmission facilities in and from the Rio Vista field and that by substituting this gas for Kettleman Hills gas in the so-called Vallejo-Benicia area during winter peak months the total delivery capacity of its entire transmission system would be considerably increased when most needed and, because of this, greater sales volume could be maintained with the attending larger revenue and that, further, no capital expenditure was involved in the proposed change.

The record also shows that the change-over will involve some 8,500 customers and that while past experience indicates that most consumer appliances will operate satisfactorily on the Rio Vista gas it is estimated by Applicant

that approximately one thousand appliances will require some adjustment to bring about proper utilization of the Rio Vista gas. The range in the heating value of this gas is from 1000 to 1100 B.t.u. per cubic foot, whereas the Kettleman Hills gas is from 1100 to 1200 B.t.u. per cubic foot. The total cost to Applicant of making the necessary adjustment to customer appliances is estimated as between two and three thousand dollars, which cost is to be borne by Applicant and charged as current operating expense.

Applicant further requests, and the record supports such request, that it not only be permitted to change over to Rio Vista gas in the Vallejo-Benicia area, but that it likewise be permitted to revert back to its present service and rates when gas supply and pipe line conditions warrant. It was represented that normally this means Rio Vista gas service in the heating season and Kettleman or other gas from the south for the remaining portion of the year. It was explained that this dual service arrangement is desirable in order to best meet gas contract obligations, as well as to utilize present system facilities to the greatest advantage.

The Commission is of the opinion that a public utility should so operate as to secure the greatest possible advantage of its present plant in order that the best service may be rendered at the lowest possible cost. The plan of Applicant appears to approach this objective and in addition it embraces an intelligent utilization of the natural resources of the State. Because of these possibilities the Commission is of the opinion that said proposal is in the best interests of both the Applicant and its customers and that the change prayed

for should be granted. However, in subsequent periods when Applicant desires to revert to the preceding gas service in the Vallejo-Benicia area, permission should first be secured from the Commission; the rules and regulations to be followed and the rates to be charged, unless changed by the Commission, should be those previously in effect for the gas served in aforesaid Vallejo-Benicia area.

In Exhibit A, attached to the application, there is submitted a proposed revision of a portion of Rule and Regulation No. 2, Character of Gas Service. The revisions are necessary and in accordance with the changes in the gas to be supplied in the Vallejo-Benicia area.

The application also requests permission to amend, modify and refile the following existing gas rate schedules, namely:

<u>Schedule</u>	<u>Revised Sheets CRC No.</u>
G-5	648-G
G-7	650-G
GE-7	659-G
GS-6	667-G
G-41	654-G

and to file and make effective two new gas rate schedules, G-5A and G-7A, all of which are shown in Exhibit "B" attached to the application.

These changes in the Applicant's filed rate tariffs are necessitated by the difference in heating value of the new gas compared to that presently served. Applicant's modified gas rate schedules G-5 and G-7 involve only changes in the territory served thereunder, removing the Vallejo-Benicia areas therefrom, and require no comment.

In Applicant's proposed gas rate schedules G-5A and G-7A the blockings in effect at present have been lengthened and the block rates reduced by the ratio of 1,000 to 1,100.

The proposed reduction in the rate in order to compensate for the lower heating content of the Rio Vista gas is correct. While the proposed lengthening of blocking is likewise technically correct, it is not looked upon with favor by the Commission as it is believed desirable to maintain uniform rate structures wherever possible. This would appear to be especially true where, as in the Vallejo-Benicia area, a changing back and forth is contemplated.

In Exhibit A, attached to and hereby made a part of this Opinion and Order, are general service schedules marked G-5A and G-7A wherein the standard blockings are employed, but the block rates have been adjusted to produce, as near as possible, the same billing for a given number of heat units as under the presently effective rate schedules. The rates set forth in schedules G-5A and G-7A, attached hereto, will bring about no increases, within the limits of a practical solution of the problem, in the annual billing to any consumer served thereunder and since for certain usages the billings will be slightly less the Applicant will experience a slight net reduction in revenue from billings under these schedules. No changes are proposed in the minimum charges as it is not deemed practical nor necessary to make such changes.

In Exhibit B of the application is also shown a modified commercial building and heating schedule GH-7 and a modified surplus natural gas schedule GS-6. In these schedules the blockings have been increased and the block rates decreased by the ratio of 1,000 to 1,100 to account for the lower heating value of the Rio Vista gas. Since these adjusted blockings are in conformity with the blockings of similar schedules in other areas being served by Applicant with Rio Vista gas exclusively

these modifications appear warranted. For a given quantity of heat units used, the proposed rates would bring about no change in billing to any consumer.

Modified firm industrial gas service schedule G-41, shown in Exhibit B of the application, involves only a necessary change in the statement of territory served thereunder, adding the Vallejo-Benicia area thereto, and no further comment is required.

No one appeared to oppose or protest the granting of the application at the hearing.

O R D E R

Good cause appearing,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be authorized to substitute, in that portion of its North Bay Division known as the Vallejo-Benicia area, gas from the Rio Vista field of a heating content of not less than 1,000 B.t.u. per cubic foot for the Kettleman Hills gas and other gases emanating from Southern California fields presently served during seasons of peak demand.

The authorization herein granted is subject to the following conditions and not otherwise:

- (1) That Pacific Gas and Electric Company shall withdraw and cancel page 1 of its present filed Rule and Regulation No. 2 (CRC Sheet No. 680-G) and shall file and make effective in lieu thereof that portion of the revised Rule and Regulation No. 2 as set forth in Exhibit A of the application.
- (2) That Pacific Gas and Electric Company shall withdraw and cancel the following listed filed schedules of natural gas rates and charges, namely:

Schedule

Revised Sheets  
CRC No.

G-5	648-G
G-7	650-G
GH-7	659-G
GS-6	667-G
G-41	654-G

and shall file and make effective in lieu thereof the revised and modified gas schedules G-5, G-7, GH-7, GS-6 and G-41, shown in Exhibit B attached to the application, and the new gas schedules G-5A and G-7A set forth in Exhibit A of this Opinion and Order, said filings to be made not less than fifteen (15) days prior to the effective date thereof.

- (3) That Pacific Gas and Electric Company shall apply the new rates set forth in the above prescribed rate schedules G-5A, G-7A, GH-7, GS-6 and G-41 to all monthly meter readings taken in the Vallejo-Benicia area fifteen (15) days after the actual date of change-over to the service of Rio Vista gas and to all subsequent meter readings.
- (4) That Pacific Gas and Electric Company shall not revert to the service of Kettleman Hills gas or the application of the presently effective rates therefor, in the Vallejo-Benicia area, without proper authorization from the Commission.

Except as otherwise provided herein, the effective date of this Order is 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 19<sup>th</sup> day of December, 1938.

Raymond J. ...  
Leon ...  
Walter ...  
Ray ...  
...  
Commissioners.

EXHIBIT A

GAS SCHEDULES  
G-5A AND G-7A



SCHEDULE G-5A

GENERAL SERVICE  
NATURAL GAS

Character of Service:

This schedule is applicable to natural gas supplied to domestic and general service customers, of a heating value of 1,000 to 1,100 B.t.u. per cubic foot, and under conditions provided for in Rules and Regulations filed with the Railroad Commission of the State of California.

Territory:

This schedule is applicable in Vallejo and contiguous suburbs supplied from the local distribution system.

Rate:

First	200 cubic feet or less per month -	
		Incorporated territory - \$ .90
		Unincorporated territory - \$1.20
Next	2,800 cubic feet per meter per month -	8.6¢ per 100 cu.ft.
Next	7,000 cubic feet per meter per month -	6.0¢ per 100 cu.ft.
Next	10,000 cubic feet per meter per month -	4.5¢ per 100 cu.ft.
Next	20,000 cubic feet per meter per month -	4.0¢ per 100 cu.ft.
All over	40,000 cubic feet per meter per month -	3.4¢ per 100 cu.ft.

Special Conditions:

The above rates of 4.0¢ and 3.4¢ are subject to increase or decrease, respectively, of 1 mill for each 6¢ that the market price of fuel oil, as regularly quoted by the Standard Oil Company of California f.o.b. its Richmond refinery, is above or below \$0.95 per barrel, changes of gas rates to be to the nearest mill and to become effective on all regular meter readings taken on or after the 30th day following any change in such price of oil; provided, however, that in no event will the above 4.0¢ and 3.4¢ rates be reduced more than 1 mill.

SCHEDULE C-7A

GENERAL SERVICE  
NATURAL GAS

Character of Service:

This schedule is applicable to natural gas, supplied to domestic and general service customers, of a heating value of 1,000 to 1,100 B.t.u. per cubic foot, 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:

North Bay Division:

City of Benicia and contiguous suburbs supplied from local distribution system, also all customers supplied from Vallejo-Benicia transmission line east from end of present 3-inch Vallejo distribution line; also all customers supplied from Vallejo-Napa transmission line south of Napa "Y" Junction.

Rate:

First	200 cubic feet or less per month -	
		Incorporated territory - \$1.05
		Unincorporated territory - \$1.30
Next	2,800 cubic feet per meter per month -	9.4¢ per 100 cu.ft.
Next	7,000 cubic feet per meter per month -	6.1¢ per 100 cu.ft.
Next	10,000 cubic feet per meter per month -	4.9¢ per 100 cu.ft.
Next	20,000 cubic feet per meter per month -	4.0¢ per 100 cu.ft.
All over	40,000 cubic feet per meter per month -	3.4¢ per 100 cu.ft.

Special Conditions:

The above rates of 4.0¢ and 3.4¢ are subject to increase or decrease, respectively, of 1 mill for each 6¢ that the market price of fuel oil, as regularly quoted by the Standard Oil Company of California f.o.b. its Richmond refinery is above or below \$0.95 per barrel, changes of gas rates to be to the nearest mill and to become effective on all regular meter readings taken on or after the 30th day following any change in such price of oil; provided, however, that in no event will the above 4.0¢ and 3.4¢ rates be reduced more than 1 mill.