

Decision No. 23200.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application  
of Southern Counties Gas Company  
of California, a corporation, for  
Authority to Amend its Rule No. 20  
governing Gas Main Extensions.

Application No. 23200.

LeRoy M. Edwards, Attorney, for Applicant.  
Bourke Jones, Deputy City Attorney of Los  
Angeles, and Stanley M. Lanham, Board  
of Public Utilities and Transportation,  
for the City of Los Angeles.  
John Stearnes, County Housing Authority  
of Los Angeles.

WAKEFIELD, COMMISSIONER:

O P I N I O N

This is an application filed by the Southern Counties Gas Company, seeking authority to enable it to amend its filed Rule and Regulation No. 20, on Gas Main Extensions. A copy of said rule and regulation is attached and made a part of the application as Exhibit B.

A public hearing was held at Los Angeles on Monday, January 22, 1940, in conjunction with a similar application of Southern California Gas Company (Application No. 23210), at which time evidence was taken and the matter duly submitted.

Rule and Regulation No. 20 is now on file with this Commission and sets forth, among other things, what footage of main will be extended without cost to an applicant for gas service; the cost to an applicant beyond the free length; and, how and under what conditions the advances made for main extensions beyond the free length will be refunded.

Southern Counties Gas Company contends that it has been confronted with requests to make gas main extensions at its own expense (as now provided in Rule and Regulation No. 20) to applicants who have no intention of using gas service for any other use than space heating and that it expects to be confronted with similar requests in the future.<sup>(1)</sup> Applicant contends that where the use made of its gas service is limited to space heating, it can not justify the making of any additional investment in the way of main extensions, as such service is rendered at a loss and that such loss becomes an unwarranted burden on its other consumers. Such contention was supported by oral testimony and documentary evidence on the cost of rendering service.

The record shows that the usual or normal general gas customer not only uses gas for space heating but likewise for cooking and many customers in addition use gas for water heating and refrigeration. The multiple use gas consumer thus utilizes gas throughout the year, while the consumer whose use is limited to space heating requirements makes his demand at the season of the year when it costs most to serve and that during the non-heating months the utility's facilities to serve this type of consumer remain idle and non-productive.

The study on cost to serve (Exhibit No. 6)<sup>(2)</sup> was introduced by Applicant's witness A. F. Bridge and shows that

(1) In this respect attention should be directed to the fact that Applicant's Rule and Regulation No. 20, as now filed, does not differentiate between heating customers only and the multiple use customer.

(2) In permitting said cost to serve study to go unchallenged, the record shows that the representatives of the City of Los Angeles and the Commission's staff did so with the statement on their part and the stipulation from the Applicant that the costs developed in that study would be considered as limited to evidence in relation to the modification of the rule proposed herein and not to rates in this or subsequent matters.

where gas service is limited to space heating, the cost to render the service is very considerably in excess of the revenues received.

I am of the opinion that the record reasonably justifies the conclusion that additional capital expenditures in the way of free main extension allowances for space heating customers are not justified and while the appropriate method of providing for the unusual costs of this character of usage may lie not so much in a modification of the extension rules and regulations as in the rates<sup>(3)</sup> paid for the service in question, I am of the opinion there is sufficient merit in the relief requested to recommend an order restricting free main extension allowances to new customers contemplating using gas for only space heating purposes. In this respect, however, the finding that shall be recommended goes to the modifications and not to the rule itself, as the many other aspects of the rule are not before the Commission at this time for consideration.

There is, however, one change or clarification that I believe desirable in Applicant's proposed revision as presented in Exhibit C, attached to the application. I refer to the manner in which refund payments are provided for and as controlled by proposed Section (f) "Space-Heating-Only Consumers-Allowances For." The proposed modifications, as I read them, might well be interpreted to deny a heating only consumer the right to a refund on moneys advanced by him in the event a new multiple use customer were connected to the main originally constructed through his advances, though Mr. Bridge, on question, stated this was not his company's intention. So there may be no misinterpretation in proposed Section (f) referred to, the clause "\* \* \* nor any

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(3) "Rates" as here used include minimum charge provisions as well as possible disconnect and turn-on charges.

refund of deposit will be made for a consumer who uses gas for space heating only" should be amended by adding the equivalent of "except where such refund arises from the connection of new multiple use consumers directly to the main for which advances have been made by a space heating only consumer."

I recommend the following form of Order:

O R D E R

Southern Counties Gas Company having filed its application with the Railroad Commission of the State of California for an order authorizing it to amend its Rule and Regulation No. 20, on Gas Main Extensions, now on file with the Commission, a public hearing having been held and the matter duly submitted;

The Railroad Commission hereby finds that the proposed changes in the above referred to Extension Rule No. 20 (as set forth in Exhibit C attached to the application) are fair and reasonable when modified by the changes heretofore referred to in the Opinion and that the presently effective Rule and Regulation No. 20 (as set forth in Exhibit B to the application), in so far as it differs from the modified rule as herein found reasonable, is unfair and unreasonable.

IT IS HEREBY ORDERED that Southern Counties Gas Company be and is hereby authorized to file with the Railroad Commission of the State of California said modified Rule and Regulation No. 20 on or before April 1, 1940.

The authority herein granted shall become effective on 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 27<sup>th</sup> day of February, 1940.

Ray L. Riley  
Frank R. Dwyer  
Paul B. Dwyer  
M. D. M.  
Justin J. Reussen  
Commissioners.