Decision No. 32205.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of Southern California Gas Company, a corporation, for authority to amend its Rule and Regulation No. 20 governing Gas Main Extensions, Rule and Regulation No. 21 governing Gas Service Extensions, and Rule and Regulation No. 22 governing Temporary Service.	Application No. 23210.

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 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 California Gas Company, seeking authority to enable it to amend its filed Rules and Regulations Nos. 20, 21 and 22. A copy of each of said rules is attached to and made a part of the application as Exhibits B, C and D, respectively.

A public hearing was held at Los Angeles on Monday, January 22, 1940, in conjunction with a similar application of Southern Counties Gas Company (Application No. 23200), at which time evidence was taken and the matter duly submitted.

The rules sought to be modified relate essentially to the rules governing gas main extensions (No. 20); service extensions (No. 21) and the furnishing of temporary service (No. 22).

Southern California Gas Company contends that it has been confronted with requests to make both gas main and service

extensions at its own expense (as now provided in Rules and Regulations Nos. 20 and 21) 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.(1) 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 and service extensions, as such service is rendered at a loss and that such loss becomes an unwarranted burden on its other consumers. Such contentions were 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 demands at the season of the year when it costs most to serve. During the non-heating months the utility's facilities to serve this type of consumer remain idle and non-productive.

(1) Applicant's rules and regulations do not now differentiate between heating customers only and the multiple use customer. Rule No. 20, among other things, provides that for each domestic applicant for service a free main extension will be made either for 150 feet or for an investment equal to three and one-half times the estimated first year's billing, whichever is the more advantageous to the applicant requesting service.

Rule No. 21, on service extensions, likewise provides either for 50 feet of service pipe free or a length equivalent to an investment of twice the annual revenue.

Rule No. 22, relating to temporary service, is affected in the present proceeding to the extent that refunds are involved to customers using heating only in connection with advances made for the installation of gas facilities.

The study on cost to serve (Exhibit No. 3)[2] was introduced by Applicant's witness Wetlaufer and shows that, where gas service is limited to space heating, the cost to deliver gas is more than the average revenue that will be received without accounting for the fixed charges on the customer's meter, service and main incidental to serving a purely heating customer.

I am of the opinion that the record reasonably justifies the conclusion that additional capital expenditures in the way of free service and main extension allowances for space heating customers are not justified and while the appropriate method of providing for the additional costs of this character of usage may lie not so much in a modification of the extension rules and regulations as in the rates[3] paid for the service in question, I am of the opinion there is sufficient merit in Applicant's request to recommend an order eliminating free main and service extension allowances to new customers contemplating using gas for only space heating purposes. In this respect, however, the finding that will be recommended goes to the modifications and not to the rules themselves, as there are many other aspects of the rules that are not at this time before the Commission for consideration.

There are, however, two situations relating to refunds to heating only customers, wherein the proposed changes in the rules would deny such refunds, and it appears to me that greater equality would result if refunds were made in these

(2) In permitting said cost to serve study to go unchallenged, the record shows that the representatives of the City of Los Angeles and of the Commission's staff did so with the statement on their part and 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 rules proposed herein and not to rates in this or subsequent matters.

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

instances. The first situation relates to a customer who initially uses gas for heating purposes only and made an advance towards the construction of the main and who later increased his gas use for purposes other than heating. The second condition that I have in mind is where an applicant for multiple use gas service is connected to a main and the cost of the main extension has been paid in part or in whole by a heating only customer. Under the conditions as hereinabove stated, I am of the opinion that such a customer who initially limited his use of gas to heating should be given the regular refund. In lieu of specifically providing for a definite wording in each of the several sections of Rules and Regulations Nos. 20 and 21, that will be affected by the changes referred to, it will be my recommendation that the Applicant shall make the necessary revisions in its proposed rules and submit the same to the Commission for review before making a filing.

I recommend the following form of Order:

O R D E R

Southern California Gas Company having filed its application with the Railroad Commission of the State of California for an order authorizing it to amend its Rules and Regulations No. 20 on Gas Main Extensions; No. 21 on Service Extensions; and No. 22 on Temporary Service, 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 Rules and Regulations (as set forth in Exhibits E, F and G) are fair and reasonable when modified by the changes heretofore referred to in the Opinion and that the presently effective Rules and Regulations Nos. 20, 21 and 22 (as set forth in Exhibits B, C and D), in so far as they differ from

the modified rules as herein found reasonable, are unfair and unreasonable.

IT IS HEREBY ORDERED that Southern California Gas Company be and is hereby authorized to file with the Railroad Commission of the State of California said modified Rules and Regulations Nos. 20, 21 and 22 and under the conditions hereto-for set forth on or before April 15, 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 12th day of March, 1940.

Commissioners.