

Decision No. 35512

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
 COAST COUNTIES GAS AND ELECTRIC COMPANY,
 a corporation, for permission to file
 certain rates for natural gas, and to
 modify B.T.U. limitations on certain
 tariffs in applicant's natural gas
 territory.

Application No. 25044

BY THE COMMISSION:

OPINION AND ORDER

In this application Coast Counties Gas and Electric Company requests permission to make certain adjustments in its rate tariffs and rule and regulation, dealing primarily with adjustments in its filed general service tariffs to compensate for reductions in the heating value of the natural gas served in certain of its areas. Attached to the application as Exhibit "A" is a proposed revised set of gas rates and Rule and Regulation No. 2, for which Applicant seeks the Commission's authorization to file.

The application shows that the revised tariffs have to do with its gas service in Applicant's Southern, Contra Costa and Valley Divisions and that, in reference to the Southern Division, no change in the rates is proposed but, as to the other two, lower general service rates are incorporated in order to compensate for the service of a gas which will have a lower heating value than the gas heretofore served. Applicant represents that this difference in the heating value of the gas is brought about by causes beyond its control and, for the Contra Costa Division, it is proposed to reduce the present permissible range 50 B.t.u., i.e. from 1050-1150 B.t.u. to 1000-1100 B.t.u., and, for the Valley Division, a 150 B.t.u. reduction is contemplated from the present 1050-1150 B.t.u.

level. As a result of this lowering in the heating value, the general service rates applicable in the Contra Costa Division (labeled G-1C and G-2C in Exhibit "A") are to be reduced approximately four per cent and that of similar schedules in the Valley Division (labeled G-1V and G-2V in Exhibit "A") are accorded a twelve per cent reduction.

The application likewise shows that for other classes of service rendered, such as industrial, commercial building heating and gas engine, no rate changes have been made to reflect the lesser heating value of the gas to be served. However, in these tariffs, as set forth in Exhibit "A," the provision dealing with the heating value limitations has been changed to reflect the new conditions of gas service. It is proposed to handle Schedule G-1-S in a similar manner. This latter schedule is an irregular tariff with but five customers and is closed to new consumers. Rule and Regulation No. 2, governing the quality of gas to be supplied is to be refiled so as to state correctly the new range in the heating value of the gas as provided by the tariffs.

The Commission is reasonably well informed as to the conditions bringing about the changes in the natural gas supply and the necessity of Applicant making the corresponding revisions in its general service rates. In a similar matter, on an investigation under the Commission's own motion (Case No. 4622) and by Decision No. 35299, issued April 28th of this year, the Commission found it necessary that Pacific Gas and Electric Company make similar revisions in its tariffs and for the same reasons. It appears unnecessary to here again discuss the general principles relating to heating value and rates other than to reaffirm the position taken in that decision.

In the proposed general service schedules for the Valley Division, Applicant has incorporated a new Special Condition (1), wherein the rates are geared to the heating value of the gas supplied.⁽¹⁾ The Commission is of the opinion that such a provision which provides a means to keep the rates charged in step with the heat units furnished is a desirable one. Applicant in its proposed general service tariffs for the Contra Costa Division, did not incorporate the automatic heating clause. In view of the probability that there will be still further changes in the heating value of the gas in the Contra Costa area, as well as the desirability to bring about greater uniformity, it is the Commission's opinion that Schedules G-10 and G-20 should be filed with a Special Condition (1) providing for automatic rate changes. (Such a provision will not affect the rate level as now proposed in Exhibit "A.")

Applicant's proposal in limiting rate adjustments to the general service schedules is in conformity with the decision in the Pacific Gas and Electric Company case. However, as in that decision, the final disposition as to other tariffs, in respect to rate change, will await this Commission's determination in its state-wide investigation on industrial service and rates.

(1) This clause is identical with that found reasonable in Decision No. 35299. Special Condition (1), Schedule G-17, Valley Division, is as follows:

"(1) The above base rates are for natural gas of an average monthly heating value of 1100 B.t.u. per cubic foot, (determined as the average of daily heating value tests on a 'dry' basis). A maximum variation in the monthly average of 35 B.t.u. above or below 1100 B.t.u. is contemplated. When the actual variation exceeds 35 B.t.u. for two consecutive calendar months, the effective rates will be changed by increasing or decreasing rates to conform to a new average heating value adjusted in steps of 50 B.t.u. from the base of 1100 B.t.u. which is nearest the average of that experienced during the two months which occasioned the change. The effective rates will be determined by an adjustment in all base rates (except the charge for the first 400 cu.ft.) of 4% for each 50 B.t.u. step, computed to the nearest one-hundredth cent, and will become effective fifteen days thereafter. Changes in rates resulting from variation in heating value will not be made more frequently than each two-month period except when definite changes in the source of gas occur the appropriate rates will be made effective fifteen days after the date of changeover."

Changes in the heating value of the gas, heretofore discussed, may call for some appliance adjustment, especially in the Valley Division. The Applicant will be expected to make such adjustments of customer appliances as may be necessary to secure proper utilization of the gas when used.

The Commission is of the opinion that, because of the particular circumstances, a public hearing is not required and good cause appearing;

It is hereby found as a fact that:

1. The public interest requires that the general service tariffs in the Contra Costa and Valley Divisions of the Coast Counties Gas and Electric Company be changed in order to provide for an automatic rate adjustment plan to decrease or increase rates when the heating value of the gas served changes.
2. Such automatic adjustment plan, as provided in Special Condition (1) of Schedules G-IV, G-2V, G-1C and G-2C for the Valley and Contra Costa Divisions, respectively and herein ordered to be filed, is a proper and reasonable provision.
3. Pending further order of the Commission, Schedules G-4, G-9, G-10, G-11 and G-1-S should not be adjusted in reference to rate level but the provision as to the heating value range of natural gas supplied thereunder in the revised schedules for the Contra Costa County and Merced County areas should be changed to read:
 - (a) 1000-1100 B.t.u. - Contra Costa County Area
 - (b) 925-1050 B.t.u. - Merced County Area

Based upon the above findings of fact, IT IS HEREBY ORDERED

that:

1. Coast Counties Gas and Electric Company shall file with this Commission, not later than July 6, 1942, and effective on and after July 15, 1942, tariff schedules of rates and conditions in accordance with Exhibit "A," attached to the application (except as to Schedules G-1C and G-2C), and identified as Schedules G-1V and G-2V, in which rate changes are being made, and Schedules G-1, G-2, G-4, G-9, G-10, G-11, G-4V, G-9V, G-10V, G-11V, G-4C, G-9C, G-10C, G-11C and G-1-S, in which no rate changes are being made but in which changes in tariff designations, territorial and heating value requirements are made and, in addition, changes in gas Rule and Regulation No. 2 to be consistent with those in the tariffs.

2. Coast Counties Gas and Electric Company shall file Schedules G-1C and G-2C, of Exhibit "A," with other tariffs as provided under the first section of this order and after first incorporating an automatic heating clause as Special Condition (1) with the same wording as appears in Schedules G-1V and G-2V and after making other such modifications in the wording in the two tariffs as may be necessary.

For all other purposes, the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 23rd day of June, 1942.

*By R. P. Piquero
for R. P. Piquero
Richard Piquero*

SECRETARY.

CERTIFIED AS A TRUE COPY

Secretary, Railroad Commission
of the State of California.