

36487

Decision No. _____.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY for an order authorizing applicant to supply to its customers in the Northern District of its San Joaquin Power Division natural gas having an average monthly heating value ranging from 1000-1100 Btu. per cubic foot; also, as an alternative to supply customers in applicant's Merced District natural gas having an average monthly heating value ranging from 900-1000 Btu. per cubic foot; also, to file and make effective a revised Rule and Regulation No. 2 and certain revised and modified natural gas rate schedules, and to withdraw and cancel Schedules G-42 and G-43; and issuing to applicant a certificate declaring that the present and future public convenience and necessity require or will require the construction, operation, maintenance and use of the high pressure natural gas transmission mains and facilities herein mentioned.

ORIGINAL

Application No. 24654.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION AND ORDER

This is a Supplemental Application of the Pacific Gas and Electric Company, wherein it is requesting authority to change its undertaking in respect to the character of gas presently being supplied customers in the northern district of its San Joaquin Power Division and with corresponding changes in its now effective rate schedules for the gas service rendered.

Reference is made by Applicant to this Commission's Decision No. 36082, issued December 29, 1942, in the original application, which provided, among other things, for a general change and reduction in gas rates of approximately 10 per cent because of a reduction in the heating value of the gas to be served.

In compliance with Decision No. 34944, dated January 23, 1942, Applicant refiled its gas rates for that area carrying the lower charges which became effective on February 22, 1942.

It is of record that the gas served prior to the effective date of the rate tariffs had a heating value of from 1100 to 1200 B.t.u. per cubic foot and that the gas permitted to be served under the aforesaid order was to fall between the limits of 1000 and 1100 B.t.u. This is the character of gas under which the presently effective rates apply.

It is further of record that in the general review of Applicant's gas system operations (Cases Nos. 4621 and 4622 and under Decision No. 36082 issued December 29, 1942) the Applicant was ordered to refile its domestic and general service schedules and firm industrial gas Schedule G-40 incorporating therein a special provision which provided for the automatic adjustment of the rates in accordance with the heating value of the gas served. At the same time the basic heating value was established as 1100 B.t.u. per cubic foot. This latter order did not cover any adjustment in the remainder of Applicant's natural gas schedules effective in said northern district. These other schedules are:

- G-42 Firm Industrial Service
- G-43 Firm Industrial Service
- G-44 Agricultural Power Service
- GH-15 Commercial Building Heating Service
- GH-16 Commercial Building Heating Service
- GH-17 Commercial Building Heating Service
- GS-15 Surplus Gas Service
- GS-16 Surplus Gas Service.

Applicant now points out that the changes that it seeks authority to make in reference to the character of the gas to be supplied are due to the fact that its previous supply of gas from the nearby Raisin City gas field has been so severely diminished as to make that present supply relatively insignificant and that it must look for its principal supply from the Kettleman Hills field, through transmission facilities of the Southern California Gas Company. In this respect it represents that the gas during the last several months from this changed source of supply is of a higher heating content and that the average monthly heating value of such natural gas is in excess of 1100 B.t.u. per cubic foot.⁽¹⁾

(1) The Commission's records show that the daily average of the heating values of the gas served by Applicant in its northern San Joaquin district for the months of March, April and May have been 1145, 1152 and 1156 B.t.u. per cubic foot, respectively.

Applicant is requesting that the rates applicable for gas served in said northern district be predicated upon gas having a heating value which falls between 1050 and 1150 B.t.u. This represents an average increase of 50 B.t.u. over the present requirements as to the heating value of the gas in that area.

In order to carry into effect the plan proposed, Applicant requests that the following schedules be cancelled and withdrawn:

<u>Schedule</u>	<u>Revised Sheet C.R.C. No.</u>
G-42	1019-G
G-43	1020-G
G-44	1021-G
GH-15	1022-G
GH-16	1023-G
GH-17	1024-G
GS-15	1025-G
GS-16	1026-G

In place of the above named schedules to be cancelled and withdrawn, Applicant proposes to file the following new schedules of natural gas rates:

Schedule	G-42
"	G-43
"	G-44
"	GH-15
"	GH-16
"	GH-17
"	GS-15
"	GS-16

All of said schedules are attached to and made a part of the application through Exhibit "C."

In all of said revised schedules the effective rates (with the exception of Schedules GH-15, GH-16 and GH-17) have been changed in the same approximate relationship, or less, that 50 B.t.u. bears to 1050 B.t.u.

In reference to the commercial building heating tariffs GH-15, GH-16 and GH-17, such tariffs have been filed with an automatic heating clause in the same manner and under the same conditions of change as was authorized in Decision No. 36082, heretofore referred to, at which time other commercial building heating schedules in other areas had incorporated a like clause.

The rates under these tariffs, as now incorporated in Exhibit "C," have been changed in the same manner as the other tariffs hereinbefore mentioned except that no change has been made in the fixed charge of the rate and, further, the effective rate for the commodity charge has been predicated on the mean of the 1050-1150 B.t.u. gas, or at 1100 B.t.u.

In addition to the published tariffs that are proposed to be cancelled and refiled, Applicant has incorporated in its application three services rendered under special contracts. In Decision No. 34944, heretofore referred to, Applicant-utility was ordered to adjust the charges for gas service on the basis of 100 B.t.u. change downward and now Applicant submits a revision of the rates predicated on an approximate 50 B.t.u. increase in the heating value of the gas. Such proposed revised schedule of rates is incorporated as a part of the application under Exhibit "D."

In discussing these proposed changes, Applicant points out that, since the gas presently supplied the northern district is 1100 B.t.u. or more, it would be entirely consistent if it made application to refile its previously effective rates that were cancelled by this Commission's Decision No. 34944 and which were predicated on 1100 to 1200 B.t.u. gas. If it had so made application, then such rates would be approximately 4.5 per cent higher than those herein presented. But instead of so doing, Applicant is asking that the effective B.t.u. range be set at 50 B.t.u. lower, namely, 1050 to 1150, with a mean of 1100 B.t.u.

In a letter dated June 8, 1943, accompanying its Supplemental Application, Applicant represents that the proposed rates hereinbefore discussed and as set forth in full in the exhibits attached to said Supplemental Application, do not provide for increases in customer billings over rates which are now effective, inasmuch as the same number of heat units will be provided for each dollar of billing. In this respect Applicant further states:

"It is the opinion and conclusion of the Applicant, based upon a careful consideration of all the facts and circumstances involved, that its said First Supplemental Application may not properly be deemed an application for an increase in its rates or charges; hence, compliance with the provisions of Emergency Supplement to G.O. No. 96 (CRC-U-96) is not requisite." (2)

Based upon the foregoing conditions and the representations of Applicant and being conversant with the general gas situation obtaining, the Commission is of the opinion that the request of Applicant should be granted and,

It Being Found As A Fact that the changes proposed are warranted, that a public hearing is unnecessary, and good cause appearing;

IT IS ORDERED that the Pacific Gas and Electric Company is hereby authorized to carry into effect its plan of substituting in that portion of its territory known as the northern district of its San Joaquin Power Division, gas of a heating value within the limits of 1050-1150 B.t.u. per cubic foot in lieu of Applicant's present undertaking to supply gas within the limits of 1000-1100 B.t.u. per cubic foot.

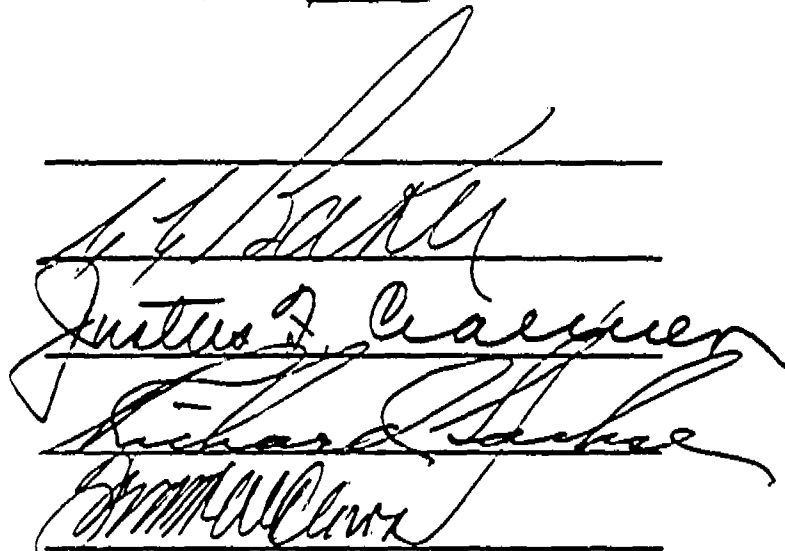
IT IS FURTHER ORDERED that Pacific Gas and Electric Company is hereby authorized to charge and collect from its customers in said northern district at the rates and charges herein authorized; provided that Pacific Gas and Electric Company shall file and make effective on not less than fifteen (15) days' notice, subsequent to the effective date of this Supplemental Order, the new tariff schedules, rates and charges as set forth in Exhibits "C"

(2) Emergency Supplement to G.O. No. 96 is an order of the Railroad Commission of the State of California providing essentially that whenever a utility presents an application for authority " * * * to place in effect any rate, rule, or regulation resulting in an increase in its rates or charges shall at the same time advise the Commission in writing either, (1) that it has given to the Office of Price Administration a notice of such proposed increase, accompanied by a copy of the notice so given, or, (2) that it has not given such notice, stating why it deems the proposed increased rates or charges do not fall within the provisions of the Emergency Price Control Act of 1942."

and "D" of the application and to withdraw and cancel the corresponding tariff schedules, rates and charges now in effect.

Except as otherwise provided, the effective date of this Order is the date hereof.

Dated at San Francisco, California, this 13th day of July, 1943.



Commissioners.