

Decision No. 37467

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Investigation of Gas Utility Schedules,  
Rules, Regulations and Contracts, Re-  
lating to Sale of Surplus Natural Gas.

Case No. 4591

**ORIGINAL**

BY THE COMMISSION:

THIRD SUPPLEMENTAL ORDER

As an emergency measure, an interim order and a supplemental order were issued in the above case under dates of November 26, 1941, and June 9, 1942, respectively, setting forth certain conditions under which surplus gas service might be rendered during the war period. Decision No. 34797, as amended by Decision No. 35455, provides in part as follows:

"\* \* \* If an existing surplus gas customer shall not have available other sources of fuel supply, but shall be entitled by virtue of a regulation or order issued by the National Government to the continuance of uninterrupted gas service, the obligation of the utility to supply gas to such customer under its surplus gas rate schedules shall cease upon the date the utility gives notice that, except for the prohibition contained in such regulation or order of the National Government, it would on that date have shut off the customer's gas service because of an insufficient supply of surplus gas in accordance with the provisions of such gas tariffs on file with the Commission. After the utility shall have given such written notice it shall not render gas service to such customers at the rates provided in its surplus gas schedules unless and until such customers shall first have provided other sources of standby fuel supply, or the consent of this Commission shall first be obtained.\* \* \*"

Since the above orders were issued, the federal government, through the War Production Board, has issued orders (L-31, later replaced by U-7) which had the effect of classifying certain classes of industrial and surplus gas customers of utilities of this state as essential. Because of such classification these essential customers could not receive curtailment or shut off in gas service in accordance with their surplus contracts and, as a consequence, were forced to take gas service under the firm tariffs of the utilities.

From information received from the War Production Board and from certain public utilities, this Commission is advised that Utilities Order U-7 was amended on August 4, 1944. Exhibit A to Utilities Order U-7, which exhibit listed the classes of essential consumers whose gas needs were specifically protected during curtailments, has been revoked. The utilities were advised by the War Production Board that "consumers exempt from curtailments \* \* \* will henceforth include only those selected by the War Production Board, after consultation with the Army and Navy, as vitally essential to the war program. \* \* \* " On October 5, 1944, the War Production Board advised the utilities that in the absence of Exhibit A as a criterion for essentiality, no attempt would be made to classify consumers as "exempt" or "non-exempt" until lists had been "screened" by the War Production Board and other agencies. For the interim period and until further notice, the War Production Board authorized the utilities to consider all industrial consumers heretofore included in Exhibit A, or declared to be essential by specific actions, as "exempted" consumers for the purpose of determining curtailment status.

The Commission's First Supplemental Order, referred to heretofore, provides that a surplus customer who is required to be reclassified as a firm customer could not again revert back to his former surplus status unless such customer shall first have provided other sources of standby fuel supply or the consent of this Commission be obtained. This condition appears to work an undue hardship on those customers who have contributed to the war effort, inasmuch as such customers will find themselves in a less favorable position than other customers who were not classified as essential and so have been permitted to receive gas on a surplus basis. Because of this situation, it is the Commission's view that customers previously purchasing gas on a surplus basis but required, under this Commission's orders as well as federal orders, to purchase gas under a firm basis, because of their essential classification under Utilities Order U-7, may revert to their former surplus status as of the date at which the War Production Board reclassifies such customers as exempt under Utilities Order U-7.

At subsequent dates, upon application by four utilities serving natural gas in the state, decisions were issued in certain other proceedings which permitted a closing of surplus tariffs to new customers during the war period.<sup>(1)</sup> As a result of such orders, each of the utilities filed an emergency rule and regulation setting forth in some detail the extent to which surplus gas tariffs were closed. One of these conditions, common to all of said emergency rules and regulations, provides in substance that customers now receiving service on the firm gas tariffs can not transfer to surplus after the effective date of the filing. The Commission is today authorizing the utilities to amend such emergency rules by including therein an exception as to this group of essential war customers, who will be granted the privilege of transferring back to surplus service.

The Commission views this matter as one not requiring a public hearing, and good cause appearing, therefore

IT IS ORDERED that the second ordering paragraph of the order in Commission Decision No. 34797 be and it is hereby further amended to read as follows:

"IT IS HEREBY FURTHER ORDERED that each of said gas corporations shall strictly enforce their existing gas shutoff rule or rules except in so far as expressly prohibited by a regulation or order issued under authority of the National Government. If an existing surplus gas customer shall not have available other sources of fuel supply, but shall be entitled by virtue of a regulation or order issued by the National Government to the continuance of uninterrupted gas service, the obligation of the utility to supply gas to such customer under its surplus gas rate schedules shall cease upon the date the utility gives notice that, except for the prohibition contained in such regulation or order of the National Government, it would on that date have shut off the customer's gas service because of an insufficient supply of surplus gas in accordance with the provisions of such gas tariffs on file with the Commission. After the utility shall have given such written notice, it shall not render gas service to such customers at the rates provided in its surplus gas schedules unless and until these conditions are met:

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(1) Such permission was granted under decisions numbered as follows: Decision No. 35707, dated August 18, 1942, to Pacific Gas and Electric Company; No. 36518, dated July 27, 1943, to Southern Counties Gas Company and Southern California Gas Company; and No. 36415, dated June 8, 1943, to the San Diego Gas and Electric Company.

- "(a) Customers shall have provided other sources or usable standby fuel; or
- (b) The National Government shall have caused to be changed the requirements of its regulations or orders issued so as to permit compliance with the shutoff provisions under the surplus gas tariffs, provided:
  - (1) Customers make application within a period of six (6) months for surplus service from the date federal requirements are changed; and
  - (2) Customers shall have taken service, after transferring from surplus to firm, for not less than one (1) year at the firm rates; or
- (c) The consent of this Commission first be obtained."

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 9<sup>th</sup> day of November

1944.

*Richard K. ...*  
*Justice J. ...*  
*Francis R. ...*

*... Powell*  
 Commissioners