

Decision No. 40348

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN COUNTIES GAS COMPANY OF
CALIFORNIA for an order approving a
contract and authorizing Applicant
to carry out the terms of such con-
tract with San Diego Gas & Electric
Company for the service of gas.

ORIGINAL

Application No. 28453

OPINION AND ORDER

This is an application by Southern Counties Gas Company of California requesting authority to amend the existing wholesale gas contract relating to the sale of natural gas to San Diego Gas and Electric Company.

The existing contract is for a term of 10 years from and after November 15, 1945, and was authorized by this Commission in its Decision No. 38626 (Application 27174) issued January 22, 1946. The rates and special conditions in the contract were set forth in said opinion and order in some detail. It need only be repeated here that gas is sold by applicant to San Diego Gas and Electric Company under three principal price classifications, namely:

- (1) For boiler fuel in buyer's steam electric generating gas stations and for fuel in its gas generating station,
- (2) For gas resold by buyer to its interruptible industrial customers,
- (3) For all gas sold by seller to buyer not covered specifically by paragraphs (1) and (2) above.

The proposed amendment, which is attached to the within application as Exhibit "A", provides for the purchase by San Diego Gas and Electric Company of additional classes of interruptible gas. The San Diego Company has experienced severe curtailments in its purchases of gas for sale to interruptible industrial customers.

This situation has been brought about because the price paid by San Diego Gas and Electric Company for wholesale gas for resale on an interruptible

basis has been fixed, while the prices received by applicant from its customers for interruptible service have moved higher under the fuel oil clauses. Consequently, since curtailment of interruptible sales to the customers of San Diego Gas and Electric Company and applicant's customers is predicated on the basis of average rates, the lowest rate gas being curtailed first, practically no gas has been available to the San Diego Gas and Electric Company's industrial customers on an interruptible basis since November 16, 1946.

In accordance with the amendment to the existing contract, applicant proposes to sell gas at wholesale to San Diego Gas and Electric Company at applicant's effective retail rates set forth in its filed Schedule 1-D, Surplus Industrial Service, and Schedule S-D, Optional Rate for Surplus Industrial Service. This procedure will enable San Diego Gas and Electric Company to render surplus service to its interruptible industrial customers on a comparable priority basis. While the proposed arrangement will result in slightly higher cost to San Diego Gas and Electric Company for this class of service, it will enable this utility to obtain such gas as is available for resale to its interruptible customers. It is represented that this is a desirable situation to have and will remove the present disadvantage now obtaining to the San Diego Gas and Electric Company's interruptible gas customers.

The amended agreement contains a provision that it shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction.

The Commission having considered the request of applicant and it being of the opinion that the application should be granted, that a public hearing in the matter is not necessary, and good cause appearing, therefore,

IT IS ORDERED that Southern Counties Gas Company of California is hereby authorized to enter into the proposed supplementary agreement dated May 15, 1947, attached to the within application as Exhibit "A", amending an existing agreement dated November 20, 1945 under which applicant is now supplying gas to San Diego Gas and Electric Company.

The authority herein granted shall become effective as of the date hereof.

Dated at San Francisco, California, this 3rd day of June, 1947.

Harold P. Kula
Justin F. Cramer
Leslie Powell
R. E. Johnson
Samuel H. Potter
Commissioners