

ORIGINAL

Decision No. 45292

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHWEST GAS CORPORATION, LTD.,) Application No. 31295
for a certificate of public convenience) First Supplemental
and necessity authorizing new construction)
and extension of lines and for authority)
to exercise franchise rights.)

W. J. Cusack and W. M. Laub, Attorneys for applicant; R. H. Peterson, for Pacific Gas & Electric Company, protestant; Paul M. Sapp, Chief of Utilities Section, San Francisco Field Office, Federal Public Housing Administration, interested party; C. T. Mess and Lloyd E. Cooper, for Public Utilities Commission.

O P I N I O N

Southwest Gas Corporation, Ltd., in this First Supplemental Application, requests an order authorizing it to place in effect proposed rates for natural gas service and to amend its present Rule and Regulation No. 2, "Character of Service", to include natural gas service, and to add a proposed Rule and Regulation No. 31 limiting natural gas service under firm rates to non-residential customers.

A public hearing on this application was held by Examiner Crenshaw in Los Angeles on September 19, at which time the only protest entered was that of the Pacific Gas and Electric Company with respect to proposed Rule and Regulation No. 31, pertaining to that portion of the proposed rule limiting the supply of gas

service to nonresidential customers whose use would exceed 25,000 cubic feet per day.

Under date of June 26, 1951, this Commission by Decision No. 45883, in Application No. 31295, granted to Southwest Gas Corporation, Ltd., authority to exercise franchise rights which it had acquired from the County of San Bernardino for the purpose of constructing, operating and maintaining a gas transmission and distribution system for the supplying of natural gas service to the City of Barstow and the community of Victorville and adjacent territories.

This Commission by Decision No. 45895, dated June 29, 1951, in Application No. 32407, authorized the issuance by applicant of bonds, the proceeds of which were to construct the two natural gas transmission lines totaling approximately 27½ miles to connect with the Pacific Gas and Electric Company's so-called Topock-Milpitas line.

In Decision No. 45883 applicant was ordered to file a supplemental application setting forth the proposed rates for natural gas service when the construction of the necessary transmission lines had been completed and natural gas was available for distribution. These proposed rates for natural gas service are set forth in the First Supplemental Application.

According to estimates submitted by applicant the proposed rates for natural gas service will result in [reductions ranging from approximately \$1 to \$8 per month] in the gas bills of its customers when compared with the rates charged for liquefied petroleum gas now being supplied.

Estimates of rate base, gross revenue, operating expenses, and rate of return were presented for a five-year period in

applicant's Exhibits 10-S and 12-S. These estimates indicate a return of approximately 4.68% for the year 1952, increasing each year thereafter to 6.91% in 1956. For the year 1952 the estimate is based upon gross revenues at proposed rates amounting to \$310,880, with corresponding operating expenses, including taxes and depreciation, of \$280,600 resulting in a net revenue of \$30,280. On a depreciated rate base of \$646,500, the rate of return is 4.68%. The estimate for the year 1952 and the rates proposed by applicant for natural gas service, representing a material reduction from the present rates, appear to be reasonable. The rates are set forth in Exhibit A attached to and made a part of this decision.

Applicant's present Rule and Regulation No. 2, governing character of service, applies only to liquefied petroleum gas and applicant therefore submitted a rule and regulation applicable to natural gas service. Since both natural gas and liquefied petroleum gas will be served for a short period during the change-over to natural gas, it will be necessary that applicant have on file with this Commission rates, rules and regulations applying to both liquefied petroleum gas and natural gas. Applicant stated that when the conversion was completed it would request the withdrawal of the rates and the portion of the rules and regulations pertaining to liquefied petroleum gas, leaving only those applicable to natural gas service.

With reference to Rule and Regulation No. 31, which applicant proposes to incorporate in the rules and regulations on file with this Commission, it was brought out at the hearing that this rule differed from the rule incorporated in the Pacific Gas and Electric Company's rate filed with the Federal Power Commission.

Under Section 7 of General Terms and Conditions of the Pacific Gas and Electric Company's F.P.C. Gas Tariff, Original Volume No. 1, it is provided that:

"Buyer shall render service with gas purchased from Seller to domestic and commercial customers only and shall not render service to any such customer whose use of gas exceeds 25,000 cubic feet per day of twenty-four hours, nor shall Buyer itself consume such gas in excess of said amount, unless it shall first have obtained Seller's approval to render such service or make such use, nor shall Buyer increase the volume of gas delivered to any such customer, or increase its use, without prior approval of Seller, provided, that Seller will give such approval as to domestic and commercial customers of Buyer who, in the judgment of Seller, cannot readily use a substitute fuel without undue hardship."

The Pacific Gas and Electric Company's rules and regulations on file with this Commission provide that service under any firm schedule, where the use is estimated to exceed 25,000 cubic feet per day, may be refused by the company, subject to the approval of this Commission.

The rate-making function of this Commission includes the approval of necessary rules and regulations. Under the circumstances Rule and Regulation No. 31 will be designed to conform to the similar rule and regulation of the Pacific Gas and Electric Company on file with this Commission as set forth in Exhibit B attached to and made a part of this order.

Applicant advises that it will be ready to supply natural gas service to the City of Barstow by October 1, 1951; therefore, in order to make available natural gas service to the customers in this city and adjacent territory, and so that they may obtain the immediate reduction in rates occasioned by the conversion to natural gas, it has requested that the order be made effective on less than 20 days' notice. It appears from the record that this request is

reasonable and should be granted and the order will therefore become effective five days after date hereof, and the rates, rules and regulations shall be made effective upon one day's notice to the Commission and the public, as specified and prescribed in the order following: During the conversion to natural gas applicant shall keep this Commission advised by a monthly progress report relating to the change-over in each locality on its system.

O R D E R

Southwest Gas Corporation, Ltd., having applied to this Commission for an order authorizing rates and charges for natural gas service, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the rates and charges authorized herein for natural gas service are justified; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedule of rates set out in Exhibit A attached hereto and, after not less than one (1) day's notice to this Commission and to the public, to make said rates effective for natural gas service rendered on and after October 16, 1951.

IT IS HEREBY FURTHER ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the rule and regulation shown in Exhibit B attached hereto, and to

modify its present Rule and Regulation No. 2, "Character of Service", by the addition of the following conditions:

- a. The gas supplied by this Company will be delivered to the consumer's meter at a pressure of four ounces ($\frac{1}{2}$ lb.), and the average monthly heating value of the gas shall not be less than 950 British thermal units per cubic foot, saturated.
- b. The gas shall not contain more than 0.25 of one grain of hydrogen sulphide nor more than 5 grains of organic sulphur (mercaptans) per 100 cubic feet;

and, after not less than one (1) day's notice to the Commission and the public, applicant is authorized to make said rules and regulations effective for service rendered on and after October 16, 1951.

The effective date of this order shall be five (5) days after the date hereof.

Dated at San Francisco, California, this 5th day of October, 1951.

R. T. [Signature]
President.
James F. [Signature]
Harold [Signature]
[Signature]
[Signature]
Commissioners.

EXHIBIT A
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Schedule No. G-1

GENERAL NATURAL GAS SERVICEAPPLICABILITY

- A - Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigerating or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.
- H - Applicable to natural gas service to domestic or commercial customers where use is primarily for space heating for human comfort.

TERRITORY

Within the incorporated limits of Barstow, in the community of Victorville, and in adjacent territory of San Bernardino County.

RATES

Commodity Charge:		<u>Per Meter Per Month</u>	
		<u>A</u>	<u>H</u>
First	200 cu/ft, or less.....	\$1.50	\$2.00
Next	2,000 cu/ft, per 100 cu/ft.....	9.8¢	11.8¢
Next	7,000 cu/ft, per 100 cu/ft.....	8.8¢	10.0¢
Over	10,000 cu/ft, per 100 cu/ft.....	7.0¢	7.5¢

Minimum Charge:

- A - \$1.50 per meter per month.
H - \$2.00 per meter per month.

EXHIBIT A
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Schedule No. G-20

LARGE COMMERCIAL NATURAL GAS SERVICEAPPLICABILITY

Applicable to natural gas service to large commercial, or small industrial customers and for public schools.

TERRITORY

Within the incorporated limits of Barstow, in the community of Victorville, and the adjacent territory of San Bernardino County.

RATE

Commodity Charge:

First	100 Mcf, per Mcf.....	\$0.75
Over	100 Mcf, per Mcf.....	0.65

Minimum Charge:

	<u>Per Meter</u> <u>Per Month</u>
For usage other than Public Schools.....	\$37.50
For use of Public Schools:	
From October to May, inclusive.....	\$18.75
From June to September, inclusive.....	2.50

SPECIAL CONDITIONS

1. All gas delivered hereunder shall be separately metered and separately billed to each of the premises served hereunder. If, however, two or more meters are required to supply service hereunder to a single public institution located on contiguous parcels of land divided only by public streets, alleys or highways, then the monthly consumption registered by such meters shall be combined for the purpose of billing hereunder.

2. A contract covering the fuel requirements of the customer, for a period of at least one (1) year, may be required as a condition precedent to service under this schedule, and shall continue in force and effect from year to year thereafter until either the Company or the customer shall give the other a written notice of a desire to terminate same at least thirty (30) days prior to the expiration of any such year, whereupon at the end of said year it shall cease and determine. If the customer permanently ceases operations, such contract shall not thereafter continue in force.

Schedule No. G-50

FIRM NATURAL GAS SERVICE TO ARMED SERVICES

APPLICABILITY

Applicable to Firm Natural Gas to installations of the Armed Services.

TERRITORY

Within the incorporated limits of Barstow, in the community of Victorville, and adjacent territory of San Bernardino County.

RATE

Commodity Charge:

All usage per Mcf..... \$0.49

Minimum Charge:

\$200 per month per installation

SPECIAL CONDITION

1. At those installations where it is impractical and a more economical method to render service by installation of more than one meter, the Company may combine such multiple meter readings for purposes of billing each separate installation.

EXHIBIT B

RULE AND REGULATION NC 31

LIMITATION UPON FIRM NATURAL GAS SERVICE

In order that this utility may be enabled to make the most effective and economic use of the natural gas available and to be available, each of the firm gas rate schedules and contracts of, and the rules and regulations governing the sale of natural gas by, this utility on file with the Public Utilities Commission of the State of California shall be deemed amended and is hereby declared amended or reformed to the extent that any such schedule, contract, rule or regulation is or may be inconsistent, or in conflict, with the following condition and regulation:

- (1) Service of gas under any firm schedule in any equipment (usage to be cumulative in such equipment and all equipment thereafter added at the same premises) estimated by the Company to use in excess of 25,000 cubic feet of gas per day of twenty-four hours, not served at the effective date hereof with gas under a firm schedule, may be refused by the Company with the approval of the Public Utilities Commission of the State of California in those cases where the consumer could, in the judgment of the Company, readily use a substitute fuel without undue hardship, or in those cases where the amount of such usage during periods of firm peak demand, in the judgment of the Company, might be such as to jeopardize firm service to domestic customers.