

Decision No. 48335**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SOUTHERN CALIFORNIA GAS COMPANY )  
for a general increase in gas rates )  
under Section 454 of the Public )  
Utilities Code. )

Application No. 34042

Appearances for applicant: T. J. Reynolds  
and H. P. Letton.

Interested parties: City of Los Angeles, by  
Roger Arnebergh and T. M. Chubb, City of  
Pasadena, by Clarence Winder, Brobeck, Phleger  
& Harrison, by George D. Rives, for Calif-  
ornia Manufacturers Association, California  
Farm Bureau Federation, by J. J. Deuel,  
Challenge Cream and Butter Association, by  
W. D. MacKay, City of Glendale, by Emerson W.  
Rhyner, City of Burbank, by Archie L. Walters,  
City of Beverly Hills, by Richard C. Waltz,  
City of Long Beach, by Henry E. Jordan.

Other appearances: Boris H. Lakusta and Carl E.  
Crenshaw, of the Commission's staff.

#### OPINION AND ORDER

Southern California Gas Company, operating a public utility gas system in the southern portion of the State of California, filed the above-entitled application on January 23, 1953 seeking an increase in gas rates by approximately \$800,000 on an annual basis. Applicant's proposed rate changes are set forth in Exhibit "C" attached to the application. After due notice a public hearing was held on this application on February 19, 1953 before Commissioner Harold P. Huls and Examiner M. W. Edwards at Los Angeles.

#### Applicant's Position

Applicant's position in this proceeding is to obtain a limited revenue increase (less than 1 per cent overall) sufficient to offset the single item of increased cost of gas purchased from

its affiliate, the Pacific Lighting Gas Supply Company. Applicant states that the requested increase is necessary because the presently effective gas rates, recently authorized by the Commission in Decisions Nos. 47990 and 47992, are insufficient by approximately \$800,000 annually, related to the test period adopted by the Commission, to cover cost of gas purchased from its affiliate under the rates filed by that affiliate effective January 1, 1953.

In order to expedite the previous main rate case (Decision No. 47990, Application No. 32675) applicant stipulated that, for the purposes of such proceeding, a price of 21-2/3 cents per Mcf should be adopted for gas purchased from its affiliate. A rate of 21-2/3 cents per Mcf was the rate paid for such gas during the year 1950 and was the price found reasonable by the Commission in Decision No. 44741, Application No. 30299, dated August 29, 1950. During the year 1952 applicant has been paying a higher price under a contract with its affiliate for such gas but such higher rate was not recognized by the Commission prior to January 1, 1953, when the affiliate submitted to regulation and filed rates for the first time. Applicant's sole purpose is to recover this added expense item in order to keep its rate of return at the 5.85 per cent level authorized by the Commission in Decision No. 47990.

#### Nature of Evidence

Evidence was offered by one witness for applicant and cross-examination was undertaken by the Commission's staff and representatives of certain of the interested parties. The testimony presented by the applicant reiterated the facts set forth in the application. The exhibits presented showed the proposed rate changes and how the revenues would be increased block by block.

Applicant's rate proposal is to increase only the general service schedules, Schedules G-1 to G-8 inclusive, for volumes in excess of 3,000 cubic feet per month usage. Under this plan there would be no increase to the small user, an increase of 0.15 cents for each 100 cubic feet of gas in the block 3,001 - 10,000 cubic feet, and an increase of 0.17 cents per 100 cubic feet for each 100 cubic feet in the block over 10,000 cubic feet per month. Applicant's reasons for not seeking to spread the rate equally in all rate blocks were:

1. With the relatively small over-all increase it was better not to apply it to all sales, but to affect the minimum number of customers and yet produce the required amount.
2. It believed that the bulk of the increase should fall primarily on the sales for space heating usage.
3. For commercial customers on the general service schedules it would provide a better relationship to the regular seasonal commercial schedules and reduce shifting of customers between schedules.

A customer's representative asked that an exhibit be prepared setting forth the relative increases for various sizes of customers. This exhibit was identified as Exhibit No. 3 and was received on February 23, 1953. Briefly it showed that the increase for the nonresidential types of uses on the general service schedule would be increased 1.9 per cent on the average. Such figure compares with an average increase of about 1.25 per cent for the entire general service class.

This representative also requested that the increase should be spread amongst all of the commercial customers instead of just those on the general service schedule. This suggestion would involve increases to customers on Schedules G-20, G-22 and G-23. The total usage on these schedules in the 3,001 - 10,000 block is approximately 380,000 Mcf per year and would have the effect of lowering the suggested increase from 0.15 cents per

100 cubic feet to 0.148 cents. Similarly the usage in the over 10,000 block of these commercial customers is approximately 7,100,000 Mcf per year and would have the effect of lowering the suggested increase from 0.17 cents per 100 cubic feet to 0.12 cents.

Conclusion

After reviewing all of the evidence of record and statements by interested parties and counsel for the Commission's staff, it is concluded that an order should be issued authorizing the limited rate increase requested by applicant and spreading the rate increase in the manner proposed by applicant. In the basic rates effective January 1, 1953 the commercial schedules had been increased 5.15 per cent over the interim level compared to a 1.58 per cent increase for the general service schedules. The applicant's proposal tends to equalize the effective percentage increase between classes and appears more sound than the small lowering of increase to the general service customers that would result from the inclusion of the regular commercial rates in the spread. Furthermore, the commercial customers now on the general service schedules are not precluded from shifting over to the commercial rates should a rate advantage result.

Authorized Rates

A comparison of the present and authorized rates that includes the base rates and 0.24 cents per 100 cu.ft. contingent offset charge, which offset charge is subject to possible refund, follows for those rates being changed by the order herein:

Schedule	"M" Schedules: (Multi. Use): Pres.: Auth.:	"H" Schedules: (Space Htg.): Pres.: Auth.:	"S" Schedules: (Other Use): Pres.: Auth.:
----------	--	--	---

Schedule No. G-1:

First 200 cu.ft. or less:				
Winter Months	\$1.00	\$1.00	\$1.85	\$1.85
Summer Months	\$1.00	\$1.00	\$0.16	\$0.16
Next 2,800 cu.ft., per 100 cu.ft.	6.44¢	6.44¢	8.44¢	8.44¢
Next 7,000 cu.ft., per 100 cu.ft.	5.84¢	5.99¢	7.44¢	7.59¢
Over 10,000 cu.ft., per 100 cu.ft.	5.64¢	5.81¢	6.94¢	7.11¢

	:"M" Schedules:	"H" Schedules:	"S" Schedules:
	:(Multi. Use):	(Space Htg.):	(Other Use):
Schedule	: Pres.:	Auth.:	Pres.:
	Auth.:	Pres.:	Auth.:

Schedule No. G-2

First 200 cu.ft. or less:				
Winter Months .....	\$1.00	\$1.00	\$1.85	\$1.85
Summer Months .....	\$1.00	\$1.00	\$0.17	\$0.17
Next 2,800 cu.ft.,				
per 100 cu.ft.....	6.54¢	6.54¢	8.54¢	8.54¢
Next 7,000 cu.ft.,				
per 100 cu.ft.....	6.24¢	6.39¢	7.64¢	7.79¢
Over 10,000 cu.ft.,				
per 100 cu.ft.....	5.84¢	6.01¢	6.94¢	7.11¢

Schedule No. G-3

First 200 cu.ft. or less:				
Winter Months.....	\$1.05	\$1.05	\$1.90	\$1.90
Summer Months.....	\$1.05	\$1.05	\$0.17	\$0.17
Next 2,800 cu.ft.,				
per 100 cu.ft.....	6.94¢	6.94¢	8.84¢	8.84¢
Next 7,000 cu.ft.,				
per 100 cu.ft.....	6.44¢	6.59¢	7.84¢	7.99¢
Over 10,000 cu.ft.,				
per 100 cu.ft.....	6.04¢	6.21¢	6.94¢	7.11¢

Schedule No. G-4

First 200 cu.ft. or less:				
Winter Months.....	\$1.15	\$1.15	\$1.95	\$1.95
Summer Months.....	\$1.15	\$1.15	\$0.17	\$0.17
Next 2,800 cu.ft.,				
per 100 cu.ft.....	7.14¢	7.14¢	8.94¢	8.94¢
Next 7,000 cu.ft.,				
per 100 cu.ft.....	6.64¢	6.79¢	8.04¢	8.19¢
Over 10,000 cu.ft.,				
per 100 cu.ft.....	6.24¢	6.41¢	6.94¢	7.11¢

Schedule No. G-5

First 200 cu.ft. or less:				
Winter Months.....	\$1.25	\$1.25	\$2.00	\$2.00
Summer Months.....	\$1.25	\$1.25	\$0.18	\$0.18
Next 2,800 cu.ft.,				
per 100 cu.ft.....	7.34¢	7.34¢	9.04¢	9.04¢
Next 7,000 cu.ft.,				
per 100 cu.ft.....	6.94¢	7.09¢	8.24¢	8.39¢
Over 10,000 cu.ft.,				
per 100 cu.ft.....	6.44¢	6.61¢	6.94¢	7.11¢

Schedule No. G-6

First 200 cu.ft. or less:				
Winter Months.....	\$1.40	\$1.40	\$2.05	\$2.05
Summer Months.....	\$1.40	\$1.40	\$0.18	\$0.18
Next 2,800 cu.ft.,				
per 100 cu.ft.....	7.74¢	7.74¢	9.14¢	9.14¢
Next 7,000 cu.ft.,				
per 100 cu.ft.....	7.34¢	7.49¢	8.44¢	8.59¢
Over 10,000 cu.ft.,				
per 100 cu.ft.....	6.84¢	7.01¢	6.94¢	7.11¢

Schedule	"M" Schedules:		"H" Schedules:		"S" Schedules:	
	(Multi.Use)	(Space Htg.)	(Space Htg.)	(Space Htg.)	(Other Use)	(Other Use)
	Pres.	Auth.	Pres.	Auth.	Pres.	Auth.
<u>Schedule No. G-7</u>						
First 200 cu.ft. or less:						
Winter Months .....	\$1.45	\$1.45	\$2.15	\$2.15	\$1.45	\$1.45
Summer Months .....	\$1.45	\$1.45	\$0.24	\$0.24	\$1.45	\$1.45
Next 2,800 cu.ft.,						
per 100 cu.ft.....	10.24¢	10.24¢	12.44¢	12.44¢	12.24¢	12.24¢
Next 7,000 cu.ft.,						
per 100 cu.ft.....	8.74¢	8.89¢	10.44¢	10.59¢	10.24¢	10.39¢
Over 10,000 cu.ft.,						
per 100 cu.ft.....	6.94¢	7.11¢	6.94¢	7.11¢	6.94¢	7.11¢
<u>Schedule No. G-8</u>						
First 200 cu.ft. or less:						
Winter Months .....	\$1.50	\$1.50	\$2.40	\$2.40	\$1.50	\$1.50
Summer Months .....	\$1.50	\$1.50	\$0.25	\$0.25	\$1.50	\$1.50
Next 2,800 cu.ft.,						
per 100 cu.ft.....	10.44¢	10.44¢	12.64¢	12.64¢	12.44¢	12.44¢
Next 7,000 cu.ft.,						
per 100 cu.ft.....	8.94¢	9.09¢	10.64¢	10.79¢	10.44¢	10.59¢
Over 10,000 cu.ft.,						
per 100 cu.ft.....	6.94¢	7.11¢	6.94¢	7.11¢	6.94¢	7.11¢

It should be noted that the "S" Schedules, for uses other than multiple use or primarily space heating, apply only in the No. 7 and No. 8 Zones; such business in Zones No. 1 to No. 6, inclusive, is served under the "M" Schedules.

### O R D E R

Southern California Gas Company having applied to this Commission for an order authorizing increases in natural gas rates and charges, public hearing having been held, the matter having been submitted and being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed for the future, are unjust and unreasonable; therefore,

IT IS 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, revised schedules of rates as set forth in Exhibit "C" attached to the application and after not less than one day's notice to this Commission and to the public, to make said rates effective for service rendered on and after April 1, 1953.

The effective date of this order shall be twenty days after the date hereof,

Dated at San Francisco, California, this 10<sup>th</sup> day of March, 1953.

R. J. [Signature]  
President.

[Signature]

[Signature]

[Signature]

Commissioners.

Commissioner Justus E. Craemer, being necessarily absent, did not participate in the disposition of this proceeding.