

Decision No. 53143 -**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Suspension and Investigation on the)
 Commission's own motion of gas and)
 electric tariffs filed by PACIFIC)
 GAS AND ELECTRIC COMPANY under)
 Advices Nos. 262-G and 138-E, and)
 investigation as to propriety of)
 using corporate limits as major)
 factors in establishing rate areas.)

Case No. 5706

O P I N I O N A N D O R D E R

This investigation was instituted by the Commission on December 12, 1955, into the propriety and reasonableness of the proposed tariff changes which were filed by Pacific Gas and Electric Company on November 23, 1955 under Advice Nos. 262-G and 138-E. The operation of each of the tariff sheets was suspended until March 22, 1956 and, by an order issued March 19, 1956, was further suspended until September 21, 1956.

In reviewing the tariff changes proposed in these filings, it appeared that the use of city limits was the sole criterion being used for the establishment of gas and electric rate zones. The Commission has stated its views on the matter of establishment of boundary lines of rate zones in Decision No. 47832 (52 Cal. P.U.C. 111) and Decision No. 50744 (53 Cal. P.U.C. 616). In these decisions the Commission eliminated the requirements of incorporation and the city boundary line as major factors in zoning, stating that rate areas should be established taking into account density and other pertinent factors.

Following the suspension of Advice Nos. 262-G and 138-E, the Commission staff and the company representatives reviewed

procedures for establishing rate areas and a plan providing for reasonable rate treatment to pending and future incorporations and annexations has been developed. Pacific filed a letter, dated May 11, 1956, with the Commission, advising, among other things, of its proposed procedures for applying gas and electric rates to new city incorporations or annexations.

The Commission has reviewed the plan submitted by the letter of May 11, 1956, which includes the following principles: The application of lower rate levels should be restricted to that portion of the area within the incorporated limits, including subdivisions under active development, which have the general characteristics of a city. In fixing the boundaries of such areas in newly incorporated cities, certain general criteria such as number of customers and customers per mile of line, industrial areas, and other pertinent factors may be used as guides, but the company's final decision will be based on the informed judgment of company personnel. In order to determine whether lower zone rates should be applied, new incorporations and annexations will be reviewed annually unless an earlier review is found desirable in specific cases. Those portions of the incorporated areas to which lower rate levels are not initially applied will be reviewed annually.

The Commission is of the opinion that the plan outlined in principle above is consistent with its views as previously stated in prior decisions. The plan will permit the newly incorporated and annexed areas to be reviewed on their merits from a rate treatment standpoint. The fixing of rate boundaries and the application of gas and electric rates to areas are subject, of course, to review by the Commission.

Pacific, by Advice Nos. 277-G and 147-E, filed on May 11, 1956, tariff schedules covering a revision of the rate areas for

Newark, to become effective on June 10, 1956. This filing is acceptable to the Commission. Also, in its letter dated May 11, 1956, Pacific has requested the withdrawal of the tariff filings made by Advice Nos. 262-G and 138-E, and that the investigation be dismissed.

The Commission, having considered the request of Pacific, is of the opinion that said request should be granted and that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that the tariff sheets filed with Advice Nos. 262-G and 138-E are permanently suspended and this investigation is terminated.

Dated at San Francisco, California, this 29th day of May, 1956.

 President
Justin D. Adams

Ralph L. Lutenauer

William D. Cook

W. Hardy

 Commissioners