

ORIGINAL

Decision No. 56502

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN COUNTIES GAS COMPANY OF)	
CALIFORNIA for a general increase in)	Application No. 38211
gas rates under Section 454 of the)	
Public Utilities Code.)	

(Appearances and witnesses are listed in Appendix A)

OPINION AND ORDER ON REOPENING TO CONSIDER THE LEVEL OF SCHEDULE NO. G-60

Reason for Reopening

Ordering paragraph 3 of Decision No. 55579, dated September 17, 1957, required applicant to enter into negotiations with San Diego Gas & Electric Company for the purpose of designing a simplified but mutually satisfactory form of resale tariff (Schedule No. G-60) and service agreement, providing for existing rates and mutually satisfactory service conditions. In working out this agreement, a change in the gas proportionment practices is proposed so as to apportion interruptible gas for delivery to San Diego's steam electric generating stations on a parity with deliveries to other customers in the Los Angeles area presently served on Schedule No. G-54 of applicant and Southern California Gas Company. By such means an additional volume of gas, 2,914,000 Mcf, is to be made available to San Diego and applicant seeks an increase of 0.6 cent per Mcf in the level of Schedule No. G-60 to offset the reduction in revenue applicant represents it will suffer.

Reopening Order

On December 13, 1957, the Commission reopened this matter and set it for further public hearing stating:

"San Diego Gas & Electric Company having filed by Advice No. 143-G on December 2, 1957, an Original Schedule No. G-54 covering interruptible natural gas service to its steam electric generating station, and it appearing that such schedule is specifically related to the resale tariff Schedule No. G-60 of Southern Counties Gas Company of California and service agreement referred to in ordering paragraph 3 of Decision No. 55579, dated September 17, 1957, which may require a rate differing from that authorized in said decision."

Public Hearing

Public hearing upon this matter was held before Examiner Manley W. Edwards on December 19, 1957, in Los Angeles. This matter was combined for hearing purposes with Case No. 6025 involving an investigation of the propriety and reasonableness of San Diego's new Schedule No. G-54.

Applicant presented three exhibits and testimony by one witness in support of its proposal to increase the level of Schedule No. G-60. The Commission staff, represented by a gas engineer, and several interested parties cross-examined the witness for the purpose of developing a full record to aid the Commission in deciding the matter. The matter was submitted for Commission consideration at the close of the hearing and now is ready for decision.

Additional Gas

Under the present service agreement between the applicant and San Diego, the estimated deliveries to San Diego during 1958 total 35,099,400 Mcf of which 11,638,400 Mcf are available for steam

plant gas. This steam plant figure is controlled by the provision which limits San Diego's priority for steam electric service to the amount available within a total daily contract demand of 95,000 Mcf. In the revised agreement, San Diego will be allowed to take gas for steam plant use up to the present daily contractual ceiling of 127,500 Mcf, or to the limits of any increased ceiling provided in the present contract, in consideration of San Diego agreeing to limit its use of gas for steam electric generation to the amount to which it would be entitled if it were served under the applicant's Schedule No. G-54. Applicant represents that an additional quantity of 2,914,000 Mcf of gas for steam electric generation can be made available to San Diego in 1958.

Applicant states the intent of the new service agreement is that San Diego steam plants will have the same parity as the other steam electric plants in the Los Angeles basin. The effect of this increased gas supply to San Diego on other G-54 interruptible customers is to reduce their quantity available by about 1.5 percent and the other "A" block customers by about 0.5 percent.

Offset Rate Increase

Applicant states that if this extra gas were not made available to San Diego it could be sold to other steam plant users under Schedule No. G-54 at an average rate under 1958 conditions of 31.35 cents per Mcf. The present commodity rate for deliveries up to the contract demand to San Diego is 24 cents per Mcf. Such figure represents a reduction in revenue to applicant of 7.35 cents per Mcf or a total of \$212,722 during the year 1958. Based on

expected total 1958 sales to San Diego; applicant states that this amount could be recovered by a commodity rate increase of 0.56 cent per Mcf. San Diego has agreed to round this figure up to 0.60 cent per Mcf and proposes a revision of the commodity charge in Schedule No. G-60 to reflect this increase. The applicant further alleges that when additional gas is available it would be prorated between all steam plant users under applicant's Schedule No. G-54. Hence, the commodity rate for off-peak excess deliveries to San Diego should be equal to the average rate of 31.35 cents per Mcf paid by applicant's Schedule No. G-54 customers. This was agreed to by San Diego. Since the time of the hearing in this matter, however, two additional rate increases in applicant's Schedules Nos. G-54 and G-60 have been authorized. An increase of 2.15 cents per Mcf was authorized by Decision No. 55999, effective on January 1, 1958, to offset an increase in the cost of out-of-state gas. A further increase of 0.4 cent to Schedule No. G-54 and 0.5 cent to Schedule No. G-60 was authorized by Decision No. 56186, effective March 1, 1958, to offset the increased cost of gas purchased from Pacific Lighting Gas Supply Company. Therefore, the average rate for steam plant customers of applicant under Schedule No. G-54 would now be increased to 33.90 cents per Mcf and the commodity rate applicable under Schedule No. G-60 for off-peak excess deliveries would be 33.90 cents per Mcf.

Delays in Certification of Additional Out-of-State Gas

On January 21, 1958, applicant sent a letter to the Commission advising that there have been delays in the El Paso certificate case before the Federal Power Commission and it is still

uncertain as to when additional gas will be made available in sufficient quantity to fulfill in its entirety this extra commitment in the amount of 2,914,000 Mcf to San Diego. Accordingly, the Commission withheld processing of this decision until the certificate for additional gas was issued by the Federal Power Commission.

On March 26, 1958 the Federal Power Commission issued a certificate under Docket No. G-11797 to El Paso Natural Gas Company to make available 75,000 Mcf of gas per day jointly to Southern California Gas Company and Southern Counties Gas Company of California. We will now proceed to decide this matter; however, a few days prior to March 26, 1958, March 14, 1958 to be specific, applicant addressed another letter to the Commission stating that warm weather in January and February reduced firm demands and that substantial added quantities of gas have been made available to San Diego and that estimates indicate this condition will continue.

In view of the fact that San Diego actually has been enjoying additional volumes of gas for steam-electric generation, and since these additional volumes were the basis for the negotiated increase in the commodity rate of 0.6 cent per Mcf, applicant now requests the Commission to issue its order authorizing the proposed service and the rate increase provided in the proposed revision of Schedule No. G-60 effective March 1, 1958. Such request appears reasonable and will be granted.

Findings and Conclusions

Based upon the evidence presented at this further hearing on reopening, it is the Commission's finding and conclusion that the increase in commodity charge of 0.6 cent per Mcf will not increase

applicant's 1958 revenue beyond that originally contemplated by the Commission as it represents merely a transfer of gas and associated revenue from one schedule to another, and that the proposed increase should be authorized.

The Commission finds 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, a revised Schedule No. G-60 and service agreement as shown in Exhibits R-2 and R-1 as provided for in ordering paragraph 3 of Decision No. 55579 with a commodity charge of 27.25 cents per Mcf and off-peak excess deliveries charge of 33.90 cents per Mcf and on not less than one day's notice to this Commission and to the public to make said revised Schedule No. G-60 and service agreement effective as of March 1, 1958.

The effective date of this order shall be the date hereof

Dated at San Francisco, California, this 15th day of April, 1958.

Robert E. Mitchell
President

Raymond L. Winterstein

William D. Dooly

E. J. Fox

Theodore Deener
Commissioners

APPENDIX A

LIST OF APPEARANCES ON REOPENED MATTER

For Applicant: Milford Springer and J. R. Rensch.

Interested Parties: Manuel Kroman, for City of Los Angeles; Rollin E. Woodbury by J. F. Nail, for Southern California Edison Company; Bert Buzzini, for California Farm Bureau Federation; W. D. MacKay (Commercial Utility Service), for Challenge Cream and Butter Association; Enright & Elliott by Norman Elliott and Joseph Enright, for Monolith Portland Cement Company; Frederick B. Holoboff, for City of San Diego; Harold Gold, Reuben Lozner and Stuart R. Foutz, for Department of Navy of the United States of America; Chickering & Gregory by Sherman Chickering, for San Diego Gas & Electric Company,

Commission Staff: Louis Mendonsa.

LIST OF WITNESSES

Evidence was presented on behalf of the applicant by Cecil Dunn.