

ORIGINAL

Decision No. 56503

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and)	
Investigation on the Commission's own)	
motion of Proposed Schedule No. G-54,)	
Interruptible Natural Gas Service to)	Case No. 6025
Utility Steam Electric Generating)	
Stations filed by San Diego Gas &)	
Electric Company.)	

(Appearances and Witnesses are listed on Appendix A)

O P I N I O N

San Diego Gas & Electric Company, a corporation, on December 2, 1957, filed under its Advice Letter No. 143-G a new Schedule No. G-54 covering interruptible natural gas service to utility steam generating plants. It appeared desirable to investigate the propriety and reasonableness of Schedule G-54 before it becomes effective.

Schedule Suspended

On December 13, 1957 the Commission instituted Case No. 6025 to investigate into the propriety and reasonableness of Schedule No. G-54; suspended the operation of tariff sheets, original Cal. P. U. C. Sheets Nos. 614-G and 615-G, until the ninetieth day, March 31, 1958, after the date such tariff sheets would become effective if not suspended; and set the matter for public hearing.

Public Hearing

Public hearing upon this matter was held before Examiner Manley W. Edwards on December 19, 1957 in Los Angeles. In view of the fact that with the inauguration of this schedule the Southern Counties Gas Company of California would make more gas available to San Diego's steam plants than heretofore and that offsetting rate increase was sought in Schedule No. G-60, this matter was combined for hearing purposes with Application No. 38211, as reopened, to consider the rate level of Schedule No. G-60.

San Diego presented testimony by one witness in support of its new Schedule No. G-54. 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 this matter. No party entered an objection to the proposed new schedule. Counsel for San Diego made a motion that, upon the filing of a new Schedule G-60 and service agreement by the Southern Counties Gas Company of California, the suspension be lifted. The case and the company's motion were submitted for Commission consideration; however, decision on this matter has been held in abeyance pending the certification of extra out-of-state gas to San Diego's supplier. On March 25, 1958 the Commission extended the period of suspension until May 29, 1958.

On March 26, 1958, under Docket No. G-11797, the Federal Power Commission issued a certificate of public convenience and necessity to El Paso Natural Gas Company covering an additional

75,000 Mcf of gas per day to be delivered jointly to Southern California Gas Company and Southern Counties Gas Company of California. We are now in position to rule on this matter.

Additional Steam Plant Gas

Under the present service agreement between San Diego and Southern Counties, the estimated deliveries to San Diego during 1958 total 35,099,400 Mcf of which 11,638,400 Mcf are available for steam plant use. 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 making a revised service agreement, Southern Counties agreed to lift this ceiling and to allow San Diego 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's 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 Southern Counties Schedule No. G-54. Southern Counties 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.

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 the other G-54 customers is to reduce their

quantity available by about 1.5 percent and the other "A" block customers by about 0.5 percent.

Rate Level

San Diego has proposed in Advice Letter No. 143-G a base rate level of 28.5 cents per Mcf on new Schedule No. G-54, which was the original rate established by Southern Counties and Southern California Gas Companies for steam electric gas. San Diego proposes to add to this amount the 2.15 cent proposed offset to be placed in effect January 1, 1958 due to increases filed for by El Paso Natural Gas Company in the cost of out-of-state gas. San Diego's witness also mentioned that, in its proposed application for a general rate increase, a further increase of 3.2 cents per Mcf will be requested comparable to the 3.2 cents per Mcf increase recently awarded to Southern Counties in Application No. 38211. Also, at that time, a further increase of 0.4 cent per Mcf may be sought to offset Southern Counties' Pacific Lighting Gas Supply Company offset increase.

Findings and Conclusions

In the past, San Diego's interruptible industrial customers have been on a curtailment basis equivalent to such customers receiving gas from Southern Counties and Southern California Gas Companies. This proposed new schedule, G-54, now extends that general principle to San Diego's steam plants which we find to be in the public interest.

San Diego's proposal eventually to set the rate at the same level as that being paid by other steam electric customers in the

Los Angeles basin appears reasonable; however, pending decision on its proposed general rate case, a base level of 30.65 cents per Mcf will be authorized as proposed by San Diego. The Commission notes that the proposed Schedule No. G-54 filed under Advice Letter No. 143-G contains a base rate of 28.5 cents per Mcf and does not include the offset charge of 2.15 cents per Mcf to San Diego which was authorized by Decision No. 55999. It appears and we so find, that Schedule No. G-54 should include such offset charge as proposed by San Diego. Accordingly, the Commission finds and concludes that San Diego's motion to lift suspension on the new Schedule G-54 filed under Advice Letter No. 143-G should not be granted and in lieu thereof that San Diego be permitted to file a revised Schedule No. G-54 with a base rate of 30.65 cents per Mcf, which includes the offset charge of 2.15 cents per Mcf.

O R D E R

San Diego Gas & Electric Company having submitted an original Schedule No. G-54, Interruptible Natural Gas Service to Utility Steam Electric Generating Stations, by its Advice Letter No. 143-G, a public hearing having been held, the matter having been submitted and now being ready for decision; therefore,

IT IS ORDERED as follows:

1. The tariff sheets filed with Advice Letter No. 143-G are permanently suspended and this investigation is terminated.

2. San Diego Gas & Electric Company is authorized to file in quadruplicate in conformance with General Order No. 96, a revised Schedule No. G-54 with a base rate of 30.65 cents per Mcf, which includes 2.15 cents per Mcf offset charge, and contingent offset clause and such filing shall become effective on the effective date of a revised Schedule No. G-60 and service agreement of Southern Counties Gas Company of California.

The effective date of this order shall be the date hereof.

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

E. N. Mitchell President
Paul W. Lawrence
William H. ...
E. Ken Fox
Theodore James Commissioners

APPENDIX A

LIST OF APPEARANCES

For Respondent: Chickering and Gregory by Sherman Chickering.

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 E. 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; Milford Springer and J. R. Rensch for Southern Counties Gas Company of California.

Commission Staff: Louis Mendonsa.

LIST OF WITNESSES

Evidence was presented on behalf of the respondent by H. G. Dillin.