

ORIGINAL

Decision No. 66508

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 gas rates under Section 454 of )  
the Public Utilities Code. )

Application No. 41859  
(First Supplemental)  
(Filed December 18, 1963)

OPINION AND ORDER

Pursuant to the Commission's Decision No. 66456, Order Relating to El Paso Refunds and Rate Reductions, Southern Counties Gas Company of California filed its supplemental application herein requesting the Commission to issue its ex parte order authorizing Southern Counties Gas Company of California to:

1. Make the rate reductions proposed in its First Supplemental Application herein estimated to reduce annual revenues by \$3,416,671 based on 1964 estimated volumes of gas, effective for meter readings taken on and after December 31, 1963.

2. Delete all contingent offset charge provisions from its tariffs.

3. Add to the Preliminary Statement of its tariffs the stipulation with respect to contingent future rate reductions by and refunds from El Paso Natural Gas Company set forth in Exhibit C attached to its First Supplemental Application.

Under the terms of a Stipulation and Agreement approved by the Federal Power Commission in Dockets G-4769, G-12948, G-17929 and RP60-3, El Paso Natural Gas Company (El Paso), among other things, reduced the demand component of its rates to its California customers by 46.8 cents per month per Mcf of daily contract volume, effective

as of November 1, 1963, which will result in a reduction in the cost to Southern Counties Gas Company of California of gas purchased from El Paso estimated at \$2,572,649 for the year 1964. In addition, Southern Counties Gas Company of California has estimated that its cost of gas purchased from its affiliate, Pacific Lighting Gas Supply Company, will be reduced in the year 1964 by \$791,730 occasioned in part by the effect of certain recently certificated temporary additional supplies of out-of-state gas upon the price of California gas, and in part by the reduction in the average cost of gas purchased by Pacific Lighting Gas Supply Company from Transwestern Pipeline Company.

The effect of these two reductions in the cost of gas to applicant for 1964 is estimated to aggregate \$3,364,379 and the related reduction in franchise fees and uncollectible amounts are estimated at \$52,275, making a total estimated cost reduction for 1964 of \$3,416,654.

To pass on these cost reductions to its customers, Southern Counties Gas Company of California proposes to reduce its base rates by the following amounts by class of service:

<u>Class of Service, Schedule and Rate Block</u>	<u>Proposed Reduction in Base Rates-c/M</u>
<u>General Service</u>	
Schedules G-1 Through G-26:	
First 100 Mcf	1.3c
Excess	1.3
<u>Gas Engine</u>	
Schedule G-45:	
December-March (All Sales)	1.33
April-November (All Sales)	1.08
<u>Firm Industrial</u>	
Schedules G-40, G-41:	
First 100 Mcf	1.33
Excess	1.14
<u>Regular Interruptible</u>	
Schedule G-50:	
First 10,000 Mcf	1.37
Excess	1.18
<u>Interruptible-Steam Plant</u>	
Schedules G-54, G-54L, G-54S, G-55L:	
All Sales	0.9
<u>Wholesale</u>	
Schedule G-60; Commodity Charge:	
All Sales	1.16

Southern Counties Gas Company of California estimates that its proposed reduction in base rates will reduce its gross annual revenues by \$3,416,671 based on its anticipated sales for the year 1964. Such amount is approximately equal to its estimated cost reduction of \$3,416,654. The following tabulation summarizes applicant's estimate of the effect of its proposed rate reductions on its estimated 1964 revenues segregated by class of service separately for the El Paso rate reduction and the anticipated rate reduction of Pacific Lighting Gas Supply Company ( PLGS):

<u>Class of Service</u>	<u>Southern Counties Gas Company of California Estimated Revenue Reduction - Year 1964</u>		
	<u>Attributable to El Paso Rate Reduction</u>	<u>Attributable to PLGS Rate Reduction</u>	<u>Total</u>
General Service	\$1,046,962	\$297,675	\$1,344,637
Gas Engine	9,342	3,295	12,637
Firm Industrial	69,950	23,252	93,202
Regular Interruptible	257,048	105,019	362,067
Interruptible-Steam Plant	<u>682,536</u>	<u>185,937</u>	<u>868,473</u>
Subtotal	2,065,838	615,178	2,681,016
Wholesale	<u>546,784</u>	<u>188,871</u>	<u>735,655</u>
Total	2,612,622	804,049	3,416,671

With the settlement of the El Paso rate cases in Federal Power Commission Dockets G-4769, G-12948, G-17929 and RP60-3 and upon making effective the rate reductions proposed by this Supplemental Application, Southern Counties Gas Company of California states that the contingent offset charge clauses in its tariffs will be of no further use and requests authority to delete such clauses from its tariffs.

Southern Counties Gas Company of California further proposes to add to its tariffs as part of the Preliminary Statement the following stipulation with respect to contingent refunds and rate reductions in the event El Paso receives refunds and rate reductions from its suppliers:

"The Settlement Agreement dated as of November 1, 1963, which disposed of the then pending El Paso Natural Gas Company rate proceedings, provided in Articles IV and V for contingent refunds and rate reductions. The Company will refund to its customers any refund received from El Paso pursuant to Article IV of the settlement agreement applicable to gas received prior to the first date on which a rate increase sought by El Paso becomes effective on or after November 1, 1965. Likewise, the Company will reduce its rates by an aggregate amount equal to any rate reduction made effective by El Paso pursuant to Article V of the settlement agreement prior to the first date on which a rate increase sought by El Paso becomes effective on or after November 1, 1965."

Upon consideration we find that:

1. Applicant's proposed reductions in base rates are reasonable.
2. Applicant's request to delete all present offset charge provisions in its tariffs coincident with the making effective of the rate reductions hereinafter set forth is reasonable.
3. Applicant's proposed addition of the stipulation to the Preliminary Statement of its tariffs set forth in Exhibit C attached to its First Supplemental Application is reasonable.

4. The reduction in the El Paso cost of gas to applicant for the period November 1, 1963 to the date the reductions in rates herein authorized and ordered become effective should be placed in a suspense account subject to refund to customers with interest at the rate of four percent per annum until disposition thereof is ordered by the Commission.

IT IS ORDERED that:

1. Southern Counties Gas Company of California is authorized and directed to file with this Commission within twenty days after the effective date of this order and in conformity with General Order No. 96-A revised schedules of rates to (1) reflect the reduction in base rates set forth in Appendix A attached hereto and made a part hereof, (2) include as part of the Preliminary Statement of its tariffs the stipulation set forth in Appendix B attached hereto and made a part hereof, and (3) delete and cancel all present contingent offset charge provisions from its tariffs and, upon not less than five days' notice to this Commission and the public to make such reduced rates and revisions in tariffs effective for meter readings taken on and after December 31, 1963.

2. Southern Counties Gas Company of California shall account for the amount of the reduction in the El Paso cost of gas, for the period November 1, 1963 to the date the reductions in rates herein authorized and ordered become effective, in a suspense account subject to refund to customers with interest at the rate of four percent per annum until disposition thereof is ordered by the Commission. Said amount with accrued interest shall be reported by applicant monthly in writing to the Commission until disposition thereof.

The Secretary of the Commission is directed to cause a certified copy of this order to be served forthwith upon Southern Counties Gas Company of California and to cause a copy to be mailed to each appearance of record.

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

Dated at San Francisco, California, this 30<sup>th</sup> day of December, 1963

William W. Bennett  
President

J. E. [Signature]

[Signature]

Frederick B. Holboff

Commissioners

Commissioner George G. Crover, being necessarily absent, did not participate in the disposition of this proceeding.

## APPENDIX A

## Southern Counties Gas Company of California

REDUCTION IN BASE RATES

<u>Class of Service, Schedule and Rate Block</u>	<u>Proposed Reduction in Base Rates-c/M</u>
<u>General Service</u>	
Schedules G-1 through G-26:	
First 100 Mcf	1.3c
Excess	1.3
<u>Gas Engine</u>	
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All Sales	0.9
<u>Wholesale</u>	
Schedule G-60; Commodity Charge:	
All Sales	1.16

APPENDIX B

Southern Counties Gas Company of California

ADDITION TO PRELIMINARY STATEMENT

The Settlement Agreement dated as of November 1, 1963, which disposed of the then pending El Paso Natural Gas Company rate proceedings, provided in Articles IV and V for contingent refunds and rate reductions. The Company will refund to its customers any refund received from El Paso pursuant to Article IV of the settlement agreement applicable to gas received prior to the first date on which a rate increase sought by El Paso becomes effective on or after November 1, 1965. Likewise, the Company will reduce its rates by an aggregate amount equal to any rate reduction made effective by El Paso pursuant to Article V of the settlement agreement prior to the first date on which a rate increase sought by El Paso becomes effective on or after November 1, 1965.