

Decision No. 66509**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA GAS COMPANY, a)
 corporation, for a General Increase)
 in Rates.)

Application No. 41860
 (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 California Gas Company filed its supplemental application herein requesting the Commission to issue its ex parte order authorizing Southern California Gas Company to:

1. Make the rate reductions proposed in its First Supplemental Application herein, estimated to reduce annual revenues by \$4,990,483 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 NP60-3, 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 California Gas Company of gas purchased from El Paso estimated at \$3,773,431 for the year 1964. In addition, Southern California Gas Company has estimated that its cost of gas purchased from its affiliate, Pacific Lighting Gas Supply Company, will be reduced in the year 1964 by \$1,161,270 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 \$4,934,701 and the related reduction in franchise fees and uncollectible amounts are estimated at \$74,331, making a total estimated cost reduction for 1964 of \$5,009,032.

To pass on these cost reductions to its customers, Southern California Gas Company 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 - ¢/M</u>
<u>Firm Natural Gas</u>	
Schedules G-1 through G-6:	
First 100 Mcf	1.2¢
All Excess	1.0
Schedule G-7:	
First 10 Mcf	0.7
Next 30 Mcf	1.2
Next 60 Mcf	1.0
Over 100 Mcf	0.7

(Continued)

<u>Class of Service, Schedule and Rate Block</u>	<u>Proposed Reduction in Base Rates - ¢/M</u>
<u>Gas Engine (Schedule G-45)</u>	
Nov.-April (All Sales)	1.2¢
May-Oct. (All Sales)	1.0
<u>Regular Interruptible</u> (Schedules G-50, G-52, G-53)	
First 10,000 Mcf	1.2
All Excess	1.0
<u>Steam-Electric and Cement Plant</u> (Schedules G-54, G-54L, G-54M, G-54S, G-55L)	
All Sales	0.9
<u>Resale (Schedules G-60, G-60-TO)</u>	
Demand Rates	\$0.6443
Commodity Rates	0.187¢

Southern California Gas Company estimates that its proposed reduction in base rates will reduce its gross annual revenues by \$4,990,483 based on its anticipated sales for the year 1964. This is some \$18,549 less than its estimated cost reduction. 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 California Gas Company Estimated Revenue Reduction - Year 1964</u>		
	<u>Attributable To El Paso Rate Reduction</u>	<u>Attributable To PLGS Rate Reduction</u>	<u>Total</u>
Firm Natural Gas	\$1,958,375	\$ 479,851	\$2,438,226
Gas Engine	28,314	7,305	35,619
Regular Interruptible	655,016	208,044	863,060
Steam Electric	857,817	290,800	1,148,617
Subtotal	3,499,522	986,000	4,485,522
Resale	345,726	159,235	504,961
Total	3,845,248	1,145,235	4,990,483

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 California Gas Company 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 California Gas Company further proposes to add to its tariff 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, except that the proposed reduction in base rate of 1.0¢ per Mcf of Schedules G-1 through G-6, All Excess and of .7¢ per Mcf of Schedule G-7, Over 100 Mcf, should be changed to 1.1¢ and .8¢, respectively, so that the estimated revenue reduction will amount to \$5,024,580 and more closely match the estimated cost reduction of \$5,009,032.

2. Applicant's request to delete all present offset charge provisions from 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 4 percent per annum until disposition thereof is ordered by the Commission.

IT IS ORDERED that:

1. Southern California Gas Company 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 to the public, to make such reduced rates and revisions in tariffs effective for meter readings taken on and after December 31, 1963.

2. Southern California Gas Company 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 4 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 California Gas Company 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 20th day of DECEMBER, 1963.

William W. Bennett

President
George G. Grover

Frederick B. Helboff

Frederick B. Helboff

Commissioners

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

APPENDIX A

Southern California Gas Company

REDUCTION IN BASE RATES

<u>Class of Service, Schedule and Rate Block</u>	<u>Reduction in Base Rates - c/M</u>
<u>Firm Natural Gas</u>	
Schedules G-1 through G-6:	
First 100 Mcf	1.2c
All Excess	1.1
Schedule G-7:	
First 10 Mcf	0.7
Next 30 Mcf	1.2
Next 60 Mcf	1.0
Over 100 Mcf	0.8
<u>Gas Engine (Schedule G-45)</u>	
Nov.-April (All Sales)	1.2
May-Oct. (All Sales)	1.0
<u>Regular Interruptible</u>	
(Schedules G-50, G-52, G-53)	
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<u>Resale (Schedules G-60, G-60-TO)</u>	
Demand Rates	\$0.6443
Commodity Rates	0.187c

APPENDIX B

Southern California Gas Company

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.