

**ORIGINAL**

Decision No. 70109

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE SEA RANCH GAS & WATER COMPANY for a certificate of public convenience and necessity to operate a public utility gas system, and for an order authorizing it to establish rates for gas service, and to issue common stock.

Application No. 47243  
(Petition for Modification of Decision No. 69070, filed November 10, 1965)

O P I N I O N

Decision No. 69070, dated May 18, 1965, in this proceeding, granted a certificate to The Sea Ranch Gas & Water Company (Sea Ranch) authorizing the construction and operation of a public utility gas system in Unit I of The Sea Ranch, Sonoma County, California. The rate schedule (Schedule No. G-80) authorized by that decision provided for rates per therm of gas delivered. That decision required applicant to file with the Commission monthly statements of the heating value of liquefied petroleum gas being served.

By its petition Sea Ranch requests:

1. Deletion of the requirement for monthly statements of heating value, and substitution of a requirement that the gas served contain a minimum heating value of 2465 BTU per cubic foot.
2. A rate schedule providing for rates determined on the number of cubic feet of gas delivered.

The petition recites that applicant has no calorimeter or other facilities for determining the heating value of its gas.

Applicant's supplier has no testing facilities and is unable to furnish a statement of heating value. There are no independent testing laboratories in northern California which could test the gas furnished by applicant. The manufacturer of the gas delivered to applicant through its supplier is unwilling to supply specific heat content data, which varies with each batch of gas produced.

Shell Oil Company informed applicant that the gas supplied to it should have, under all but the most unusual circumstances, a minimum heating value of not less than 2465 BTU per cubic foot; however, such a guarantee cannot be made by the producers of liquefied petroleum gas, as there is no manufacturing control for heating value.

Applicant states that no allowance for testing facilities or use of them was included in its estimated rate base or expenses upon which the authorized rates were based, and asserts that the added cost of obtaining data necessary to permit application of a therm rate and submission of the required monthly statements of heating value would require a significant increase in its basic monthly rate. Applicant estimates that the cost per customer would approximate \$58.40 per year, if it is required to make monthly tests of the heating value of the gas furnished. Applicant asserts that the benefits of a therm rate do not justify the added cost to the consumer.

Applicant has shown that the requirement in ordering paragraph 8 of Decision No. 69070 for the filing of monthly statements of the heating value of gas furnished to its customers is unreasonable for applicant's operations. The Commission concludes that applicant should be authorized to furnish gas

with a minimum heating value of 2465 BTU per cubic foot and, upon establishment of tariff provisions to that effect, the requirement for filing of monthly statements of heating value of gas furnished should be canceled.

The Commission finds that applicant's request to assess charges based upon the cubic footage of gas supplied should be denied. The determination of the number of therms for billing purposes may be readily determined by the use of the equation shown under the heading "RATES" in applicant's Schedule No. G-80. The service to be rendered, being primarily the supplying of energy for heat, should be based on a unit of measurement expressed in therms of gas delivered. Since applicant is willing to provide service based on a minimum heating value of 2465 BTU per cubic foot, this heating value may be used in the equation to determine the number of therms. Applicant will be required to test heating value annually.

The petition should be granted to the extent provided in the order which follows.

O R D E R

IT IS ORDERED that:

1. Applicant is authorized to file the following special condition, as an amendment to its rate schedule filed with the Commission, to become effective after five days' notice to the Commission and the public:

"The gas furnished under this schedule has a minimum heating value of 2465 BTU per cubic foot."

2. Upon the effective date of the tariff provision authorized in ordering paragraph 1 hereof, ordering paragraph 8 of Decision No. 69070 in this proceeding is rescinded.

3. Applicant shall submit a report of the heating value of gas served by July 1, 1966, and annually thereafter.

4. The authority granted in ordering paragraph 1 hereof shall expire if not exercised within ninety days after the effective date of this order.

5. In all other respects said Decision No. 69070 shall remain in full force and effect.

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

Dated at San Francisco, California, this 21st day of December, 1965.

Fredrick B. Holdhoff  
President

Robert C. Fitchell

George E. Hoover

Augusta

William W. Bennett  
Commissioners