

Decision No. 76103

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHWEST GAS CORPORATION for) Application No. 49704
authority to increase natural gas) (Filed October 2, 1967
rates in Placer County, California) Amended October 21, 1968)

Charles H. McCrea and Lawrence W. Robertson, Jr.,
for applicant.

Kenneth C. Dederick, for Citizens of Tahoe City Area and Users of
Southwest Gas Service, protestant.

Philip P. Greuner, for South Tahoe Gas Company,
interested party.

David R. Larrouy, Counsel, A. L. Gielegem, and
Robert C. Moeck, for the Commission staff.

INTERIM OPINION

Applicant seeks authority to place in effect in its Placer County service area the rates delineated in its amendment to its application. On June 3, 1969, applicant filed a second motion for emergency interim rate relief, a previous motion having been denied.

The company in its second motion for emergency interim relief has indicated its willingness to refund in whole or in part any interim increased rates if such increased rates ultimately are found to be unjust or unreasonable and that it will post a bond to insure such refund if the Commission requires.

The rates requested on an interim basis in the second motion for interim relief are the same as the proposed final rates

and in excess of those originally requested as interim rates. The interim rates requested in the second motion along with the original requested rates result in increases for average monthly bills as indicated below:

		Average Monthly Bills					
Item	Usage in Therms	Present	Original		Second		Increase
			Requested	Interim	Proposed	Final	
			Rates	Rates	Rates	Rates	
<u>Monthly Usage</u>							
General Service							
Heat Only	75	\$ 11.75	\$ 13.34	\$ 1.59	\$ 14.61	\$ 2.86	
Resid. and Small							
Comm'l	100	14.60	16.69	2.09	18.03	3.43	
Large Comm'l	800	91.27	108.23	16.96	110.36	19.09	
Interruptible							
Service	3,000	211.43	233.63	22.20	233.63	22.20	

At the hearing for the purpose of receiving the testimony of members of the public in Auburn, a public witness testified relative to poor service and company inefficiencies in management but was unable to substantiate these except for third party letters and reports which were not received into the record. At Tahoe City 18 additional public witnesses testified as to various individual service problems with a number complaining that they had been informed that there would be no increase in rates for five years.

The staff figures shown in the following tabulation taken from page 6-3 of staff's Exhibit No. 48 include adjustments to plant and expense to reflect exclusions for excess profits of associated companies doing construction work for Southwest Gas, excess amounts of plant constructed and accounting corrections.

Northern California Service Area
Summary of Earnings
Estimated 12 Months Ending September 30, 1969

Item	Staff	Company	Co. Exceeds Staff Amount	Percent
<u>Present Rates</u>				
Operating Revenues	\$ 460,939	\$ 393,478	\$ (87,461)	(14.6)%
Operating Expenses	439,875	467,053	27,178	6.2
Net Revenue	21,064	(73,575)	(94,639)	(449.3)
Rate Base	4,066,639	5,104,895	1,038,256	25.5
Rate of Return	0.52%	(1.44)%	(1.96)%	-
<u>Proposed Rates - Original</u>				
Operating Revenues	\$ 527,740	\$ 452,095	\$ (75,645)	(14.3)
Operating Expenses	439,875	467,053	27,178	6.2
Net Revenue	87,865	(14,958)	(102,823)	(117.0)
Rate Base	4,066,639	5,104,895	1,038,256	25.5
Rate of Return	2.16%	(0.29)%	(2.45)%	-
<u>Proposed Rates - Amended</u>				
Operating Revenues	\$ 565,307	\$ 483,073	\$ (82,234)	(14.5)
Operating Expenses	439,875	467,053	27,178	6.2
Net Revenue	125,432	16,020	(109,412)	(87.2)
Rate Base	4,066,639	5,104,895	1,038,256	25.5
Rate of Return	3.08%	0.31%	(2.77)%	-

(Red Figure)

The rates requested in the original application and in the original motion for emergency interim relief are at the same level as the rates now charged in the company's service area in Incline Village, Nevada, which is immediately adjacent to the Placer County, California Service area.

Due to the length of time since the filing of the application, and the expected future time necessary for final decision, the interim order will grant interim rate relief.

In order that the rights of the public will be fully protected the applicant will be required to establish a separate reserve and to include therein revenues collected in excess of those resulting from application of its present rates. This reserve will be disposed of in whole or in part to applicant, or refunds will be made to customers with 7% per annum interest if such increased rates are found to be unjust or unreasonable.

In granting the interim rates in the following order it must be understood that the Commission is not setting a precedent for final disposition of this proceeding or for establishment of interim rates in any future proceedings.

Findings

The Commission finds that the originally requested interim rates are justified subject to the condition that if the complete record does not support a finding that such interim rates are reasonable, all or part of said increase will be subject to refund with interest. The Commission further finds that the rates contained in the Second Motion for interim relief are not justified.

Further hearing on petitioner's motion is unnecessary.

INTERIM ORDER

IT IS ORDERED that after the effective date of this order and until further order of this Commission, applicant, Southwest Gas Corporation, is authorized to file for its Placer County Service area the revised rate schedules attached to the order as Appendix A and Appendix B. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of the filing. The revised schedules shall apply only to service rendered on or after the effective date thereof.

IT IS FURTHER ORDERED that applicant establish a special reserve for the purpose of accruing the amount of the increase in rates, and that applicant accrue to that fund the difference between estimated gross revenues at present rates and revenues at the interim rates until further ordered by this Commission. Revenues collected in excess of those ultimately established in this proceeding will be refunded to customers together with 7% per annum interest.

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

Dated at San Francisco, California, this 26th day of AUGUST, 1969.

Commissioner A. W. GATOV

Present but not participating.

William Symons
President

Reginald H. Morrison
Richard J. [illegible]
John [illegible]
Commissioners

APPENDIX A
Page 1 of 2

Schedule No. G-10

GENERAL NATURAL GAS SERVICEAPPLICABILITY

Applicable to all classes of customers for all firm natural gas service except service to customers qualifying for service under other rate schedules.

TERRITORY

Throughout the Company's certificated area in Placer County, except as may hereafter be provided.

RATES

<u>Commodity Charge:</u>		<u>Per Meter</u> <u>Per Month</u>
First	2 therms or less	\$2.50
Next	26 therms, per therm	.173
Next	64 therms, per therm	.135
Next	274 therms, per therm	.132
Next	548 therms, per therm	.130
Next	1,828 therms, per therm	.126
Next	6,398 therms, per therm	.123
Over	9,140 therms, per therm	.118

The number of therms shall be determined in accordance with the provisions of Rule No. 2C.

Minimum Charges:

The minimum charges specified below correspond to the maximum consumption in any billing month of the full year ending the preceding September 30th.

<u>Maximum Billing Consumption</u>	<u>Minimum Charge</u> <u>Per Meter</u> <u>Per Month</u>
457 therms or less	The commodity charge for the first 2 therms or less.
Over 457 therms but not more than 3,656 therms	\$ 50.00*
Over 3,656 therms but not more than 7,312 therms	\$100.00*
Over 7,312 therms	\$250.00*

(Continued)

APPENDIX A
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Schedule No. G-10

GENERAL NATURAL GAS SERVICE

RATES - Contd.

* These minimum charges shall be applicable to public schools for bills based on regular meter readings from October through April, inclusive. The monthly minimum for other months will be the commodity charge for the first 2 therms or less.

Whenever premises were not served for the full year ending the preceding June 30th or whenever substantial changes (100% or greater for corresponding months) are made in gas consumption, the Utility may estimate the maximum billing month consumption.

SPECIAL CONDITIONS

1. Any customer who uses or who is estimated to use in excess of 457 therms in any one month may be required to sign a contract for one year as a precedent to service under this schedule, and said contract shall continue in force and effect from year to year thereafter until either the Utility or the customer shall give the other written notice of a desire to terminate the same at least thirty days prior to the expiration of any such year. If the customer permanently ceases operation, such contract shall not thereafter continue in force.

APPENDIX B
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Schedule No. G-60

INTERRUPTIBLE NATURAL GAS SERVICEAPPLICABILITY

Applicable, subject to interruptions in supply as provided in special conditions below, to natural gas service to customers located near existing mains having a delivery capacity and supply in excess of the then existing requirements of firm customers.

TERRITORY

Throughout the Company's certificated area in Placer County, except as may hereafter be provided.

RATESCommodity Charge:

First	525 therms, per therm
Next	525 therms, per therm
Next	1,050 therms, per therm
Next	8,400 therms, per therm
Over	10,500 therms, per therm

Per Meter
Per Month

\$.1050
 .0840
 .0740
 .0630
 .0545

The number of therms shall be determined in accordance with the provisions of Rule No. 2C.

Minimum Charge:

\$190.00 per month, accumulative annually.

SPECIAL CONDITIONS

1. Service under this schedule is subject to discontinuance without notice in case of an actual or threatened shortage of natural gas, whether due to insufficient supply or to inadequate transmission or delivery capacity of the facilities of either the Utility or its wholesale supplier. The Utility will not be liable for damages occasioned by interruption or discontinuance of service supplied under this schedule.

(Continued)

Schedule No. G-60

INTERRUPTIBLE NATURAL GAS SERVICE

SPECIAL CONDITIONS - Contd.

2. In the event that it is necessary to discontinue service under this schedule, the commodity charge and the minimum charge will be prorated on the basis of the ratio of the number of days on which service was available to the number of days in the billing period. For this purpose service will be considered available if curtailed by the Utility less than (8) hours in any particular day.

3. No customer shall be entitled to service hereunder for new or additional equipment unless adequate stand-by equipment and fuel shall have been first provided therefor, said stand-by facilities to be ready at all times for immediate operation in the event that the supply of gas hereunder shall be partially or totally curtailed.

4. A contract covering the fuel requirements of the customer during the operation of his plant or establishment, for a period of at least one (1) year, will be required as a condition precedent to service under this schedule, and shall continue in force and effect thereafter from year to year until either the Utility or the customer shall give the other thirty (30) days' written notice of a desire to terminate the same at least thirty (30) days prior to the expiration of any such year. If the customer permanently ceases operations, such contract shall not thereafter continue in force.