

78498

ORIGINAL

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHWEST GAS )  
CORPORATION For Authority To )  
Revise Its Tariff For Natural )  
Gas Service To Offset Increases )  
In Expense Caused By Increases )  
In The Price Of Natural Gas )  
From Pacific Gas and Electric )  
Company. )  
(Gas) )

Application No. 52428

(Filed February 2, 1971)

Lawrence V. Robertson, Jr.,  
Attorney at Law, for  
applicant.  
James R. Barrett, for the  
Commission staff.

O P I N I O N

A hearing in the above application was held before Examiner Rogers in Los Angeles on March 12, 1971. The matter was argued and submitted.

The applicant requests orders:

1. Authorizing applicant, as of March 31, 1971, to file and place in effect revised tariff schedules increasing its rates in its San Bernardino County service area by the amount or amounts necessary to offset the impact of such increase or increases in the cost of gas to applicant, together with the added cost impact therefrom upon franchise payments and expenses, as the Commission may grant Pacific Gas and Electric Company

(PG&E) authority to make pursuant to Application No. 52335.<sup>1/</sup>  
The applicant requests an offset increase of .097 cents per therm now, for each class of service.

2. Authorizing applicant to file such subsequent revised tariff schedules under advice letter procedure as may be necessary to effect tracking increases of .009 cents per therm designed to offset the effect of PG&E Rate Schedule G-62 tracking increase filings up to .008 cents per therm as proposed in PG&E's Application No. 52335.

3. Authorizing applicant to file such subsequent revised tariff schedules under an advice letter procedure as may be necessary to effect tracking increases designed to offset the effect of such other Rate Schedule G-62 increases as may hereafter be filed.

Applicant's Assistant Controller, Rates and Special Studies, testified that the proposed rates (pages 3 and 4 of Exhibit A on the application)<sup>2/</sup> are to be placed in effect on March 31, 1971, if the herein requested authority is granted; these rates are designed to directly offset the cost impact of the Schedule G-62 rate increase PG&E proposes to place in effect on March 31, 1971; and applicant also requests authority to file subsequent revised tariff schedules under advice letter procedure to offset the cost impact of future PG&E tracking filings.

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<sup>1/</sup> PG&E is requesting an increase to offset El Paso's increase. The requested authority was granted to PG&E by Decision No. 78468, dated March 23, 1971.

<sup>2/</sup> The exhibits attached to the application were placed in evidence with the designations attached thereto.

The witness further testified that the impact to applicant of the PG&E application for the 12 months ended September 30, 1970, would be .097 cents per therm, including uncollectibles and taxes, or a gross impact of \$39,962; and the additional tracking PG&E is proposing of up to .008 cents per therm could result in an additional \$3,513 in costs (Exhibit B on the application).

The applicant estimated that if PG&E increases its rates on March 31, 1971, and applicant does not, it will have a decline of approximately .21 of one percent in its rate of return and if it receives the offset increase as herein requested, it will maintain the rate of return the Commission has found reasonable (Exhibit C on the application).

The witness stated that the proposed offset rates would add approximately nine cents per month to the average residential customer's bill of \$12.53. The maximum tracking increase that could result would be an additional one cent per month.

The staff engineer stated that the requested increase would only offset increased costs and that the proposed rate spread is reasonable. He recommended that the requests be granted except that he recommended that authorization for future filings should extend only through December 31, 1971, and be limited to that tracking authority provided to PG&E. The staff also recommends that any refunds to applicant and any rate reductions to applicant be flowed through to customers as provided in Exhibit D on the application.

Findings and Conclusion

1. By Decision No. 77448, dated June 30, 1970, in Application No. 51529, applicant was authorized to file rates for its San Bernardino County service area which would give it a return of 8 percent on its rate base. The decision also authorized applicant to track increased costs of gas furnished it by PG&E, its sole supplier.

2. By Decision No. 78468 , dated March 23, 1971, in Application No. 52335, PG&E was granted authority to increase its rates to applicant by .095 cents per therm. The end result of this increase, plus applicant's taxes and considering uncollectibles, is an increase in costs of \$41,720. PG&E proposes to place this increase in effect on March 31, 1971. The rates authorized herein will permit applicant to approximate, but not exceed, the rate of return found reasonable by Decision No. 77448, supra.

3. Decision No. 78468 , supra, also authorizes PG&E to track additional cost of gas increases of up to .008 cents per therm. If such authority is exercised by PG&E, the additional cost to applicant could be .009 cents per therm and would increase the cost of purchased gas by a total sum of approximately \$3,500. Applicant should be authorized to track those costs by advice letter filings for the period ending December 31, 1971. The authority to make advice letter filings should not extend beyond December 31, 1971.

4. Any refunds to applicant and any rate reductions to applicant should be flowed through to customers as provided in Exhibit D on the application.

5. The increases in rates and charges authorized herein are justified. The rates and charges authorized herein are reasonable and the present rates and charges insofar as they differ from those prescribed herein are for the future unjust and unreasonable.

Based on the foregoing findings, the Commission concludes that the application should be granted to the extent set forth in the order herein.

### O R D E R

IT IS ORDERED that:

1. Southwest Gas Corporation is authorized to file with this Commission, on or after the effective date of this order, revised tariff schedules with changes in rates, charges and conditions as set out in Appendix A attached hereto. Such filing shall comply with General Order No. 96-A. The effective date of the applicant's revised schedules shall be the date Pacific Gas and Electric Company's rates, pursuant to Decision No. 78468, go into effect, or one day after the date of filing of its rates by applicant, whichever is later. The revised schedules shall apply only to service rendered on or after the effective date hereof.

2.a. Applicant is authorized to continue use of the advice letter procedure in order to file revised tariff schedules with such changes in rates, charges and conditions as may become necessary to reflect increases in the cost of purchased gas attributable to tracking rate increase filings made by Pacific Gas and Electric Company, provided that such authority to track shall not extend beyond December 31, 1971, and shall terminate at any time prior thereto if the tracking increases total more than .009 cents per therm.

b. The advice letter procedure to be made available to applicant for this purpose must conform to the following requirements:

- (1) Compliance with General Order No. 96-A, except Section VI. Procedure in Filing Increased Rates.
- (2) Advice letter filings not to be made more frequently than at 15-day intervals.
- (3) Notice period for each advice letter filing not to be less than 15 days.  
(If any filing is technically defective, a new filing should be made and be subject to a new notice period of not less than 15 days.)
- (4) Advice letter filings to be served on all appearances in this proceeding except applicant and the Commission staff.

c. Revised rates made effective under this advice letter procedure must conform to the following requirements:

- (1) Adjustments are to be consistent with Appendix A hereof.

- (2) Revised rates are to become effective for service on and after the date the change in Pacific Gas and Electric Company's rate becomes effective or 15 days after filing, whichever is later.

3. In the event applicant places such rate increases in effect,

- a. Applicant's plan for determining refunds shall be consistent with the pertinent tariff provision authorized herein, shall be submitted to this Commission prior to making any refunds, and specific Commission approval shall be obtained of the plan at that time.
- b. If rates to Pacific Gas and Electric Company are ordered reduced as a result of reductions under Federal Power Commission Dockets Nos. RP69-20, RP70-4, RP70-11, and RP71-13, applicant shall file its proposed plan, for rate reductions consistent with the pertinent tariff provision authorized herein, for final determination and authorization by this Commission.

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

Dated at San Francisco, California,  
this 30th day of MARCH, 1971.

[Signature]  
Chairman

[Signature]  
Vernon L. Sturgeon

[Signature]  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

## APPENDIX A

Increased Rates

The presently effective rates may be increased for the schedules shown below in the amounts indicated:

<u>Schedules Numbers</u>	<u>Amount of Increase</u>
G-1 and G-2, first two blocks	0.2¢
G-1 and G-2, remaining blocks	0.102¢
G-45, G-46, G-50 and G-51, each block	0.102¢
G-15, first block	1.0¢
G-15, second and third blocks	2.0¢
G-15, fourth and fifth blocks	3.0¢
G-15, sixth block	5.0¢

Preliminary Statement

Delete the text of the present portion of the Preliminary Statement under "7. Offset Charge and Related Refunds and Reductions in San Bernardino County", and insert thereunder the following:

7. OFFSET CHARGE AND RELATED REFUNDS  
AND REDUCTIONS IN SAN BERNARDINO COUNTY

The initial two blocks of Schedules Nos. G-1 and G-2 include an offset charge of 1¢. The six blocks of Schedule No. G-15 include offset charges, respectively, of 5¢, 9¢, 11¢, 14¢, 16¢, and 24¢. The remaining blocks of Schedules Nos. G-1 and G-2, and all blocks of Schedules Nos. G-45 and G-46, include an offset charge of 0.518¢ per therm. In addition, all blocks of Schedules Nos. G-50 and G-51 include an offset charge of 0.413¢ per therm. The foregoing charges were authorized by D-75785, D-76964, D-77448 and D- 78498

The company will refund to its customers any refund received from Pacific pursuant to an order of the Commission.

If the cost of gas from Pacific is reduced, the company will reduce its offset charges by an amount equal to any such rate reduction.