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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN COUNTIES GAS COMPANY OF
CALIFORNIA for Authority: (a) to
Increase Its Gas Rates to Offset Higher
Costs Occasioned by an Increase in the
Rates of Suppliers of Out-of-State Gas
to the Pacific Lighting Utility System,
(b) to Continue the Advice Letter
Procedure for Tracking Increases in
Purchased Gas Cost Based on Federal
Power Commission Dockets Nos. RP70-11
and RP70-19, and (c) for a General
Increase in Its Gas Rates.

Application No. 51568

ORDER PARTIALLY GRANTING PETITION OF
SAN DIEGO GAS & ELECTRIC COMPANY FOR
MODIFICATION OF DECISION NO. 77976

In Decision No. 77976, dated November 24, 1970, in the above proceeding, the Commission authorized Southern Counties Gas Company of California (SoCounties), now Southern California Gas Company, to increase its rates and charges for natural gas service. In addition, the Commission stated therein, with regard to whole-sale service to San Diego Gas & Electric Company (San Diego), that the conversion of such rates and charges to a therm basis is to be made at 1050 Btu and the resulting therm rates will be ordered into effect upon the heating value reaching 1050 Btu, or less, for two consecutive months, or as of May 1, 1971, whichever occurs first.

By its petition filed January 29, 1971, San Diego requests the Commission to modify Decision No. 77976 by either (a) converting all charges under Schedule No. G-61 at the present time to a therm basis at the Btu level for the year in which its decision was rendered (i.e., 1062 Btu) and new rates were set for Schedule No. G-61, or at the weighted system average Btu for the year ending April 30, 1971 of gas delivered to San Diego; (b) adopting the conversion agreement of Southern Counties and San Diego, namely, to convert Schedule No. G-61 to therm rates when the heating value reaches 1050 Btu or less for two consecutive months; or (c) converting all charges under Schedule No. G-61 on May 1, 1971 to a therm basis at 1050 Btu and conditionally billing San Diego under the revised schedule on a volumetric basis until the weighted average Btu level of the gas delivered to San Diego reaches 1050 Btu for two consecutive months and thereafter on a straight therm basis.

In its answer to San Diego's petition, Southern California Gas Company (SoCal) requests that the Commission (1) deny San Diego's petition to the extent that it seeks to have the Commission modify Decision No. 77976 to order a conversion of charges under Schedule No. G-61 to therm rates on the basis set forth in alternative (a) of the petition; and (2) issue its order modifying Decision No. 77976 to authorize conversion of charges under Schedule No. G-61 to therm rates either on the basis of alternatives (b) or (c) of the petition.

Both San Diego, in its petition, and SoCal, in its answer to the petition, make it clear that the projected Btu of the gas to be delivered to San Diego has changed materially and a Btu decline may not be experienced in 1971.

In view of this development, therm rates for Schedule G-61 (formerly Schedule G-60) will not be ordered into effect by May 1, 1971, as contemplated in Decision No. 77976. Instead, and to provide at least for a conversion basis which could become operative, the conversion agreement, which was proposed by SoCounties and agreed to by San Diego, should be carried out. In this regard, we quote from Decision No. 77976 as follows:

"In response to Decision No. 76597 dated December 23, 1969 in Application No. 50714, applicant and San Diego have reached the following mutually acceptable basis for converting Schedule G-60 to therm rates: After two consecutive months with average BTU of gas deliveries to San Diego at 1050 Btu or less the conversion would be filed by advice letter; at that time, the demand charge, the facility charge and the commodity charge would be adjusted to a therm basis at 1050 Btu; the contract demand level would continue to be on a volumetric basis."

The Commission concludes that the request to modify Decision No. 77976 in order to adopt the conversion agreement of SoCounties (now SoCal) and San Diego is reasonable and it, or its equivalent, should be granted. A public hearing is not necessary.

Our action herein should not be construed as precluding conversion of Schedule G-61 to therm rates on some other appropriate basis in a future proceeding if heating value has not declined to the 1050 Btu level.

IT IS ORDERED that Southern California Gas Company is authorized and directed to convert rates and charges under Schedule No. G-61 to therm rates, when the heating value reaches 1050 Btu, or less, for two consecutive months, in accordance with the conversion agreement.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 13th day of APRIL, 1971.

[Signature]
Chairman
William J. [Signature]
[Signature]
Vernon L. [Signature]
[Signature]
Commissioners