

ORIGINAL

Decision No. 78779

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 El Paso Natural Gas Company

Gas

Application No. 52513
(Filed March 23, 1971)

Lawrence V. Robertson, Jr., Attorney at Law,
for applicant.
John L. Dutcher, for the Commission staff.

O P I N I O N

By this application, Southwest Gas Corporation (Southwest) seeks authority to increase rates in its Placer County service area in order to offset increased costs of the natural gas which it purchases from El Paso Natural Gas Company.

Public hearing in the matter was held before Examiner Emerson on May 5, 1971, at San Francisco.

The Federal Power Commission (FPC) has authorized El Paso Natural Gas Company (El Paso) to place into effect increased rates for the natural gas which it sells to Southwest at the Idaho-Nevada boundary delivery point. The FPC authorization effected an increase of 0.362 cents per therm as of March 31, 1971. Additional increases are anticipated from time to time during 1971 to a possible total of 0.50 cents per therm, and Southwest seeks authority to "track" these increases by advice-letter filings as such additional increases in its gas costs occur. Southwest by this application does not seek in any manner to increase its present earnings position; it seeks only to offset the economic effects of its increased cost of gas.

Since its increased cost of El Paso gas has already become effective, Southwest requests expedited handling of this matter.

Applicant's Rates Administrator and its Industrial-Commercial Sales Manager testified at the hearing and introduced three exhibits which, together with the five exhibits attached to the application, demonstrated, in detail, the effect of the present and foreseeable gas cost increases. The Commission staff representative cross-examined Southwest's witnesses but presented no evidence. As a matter of position, the staff recommends the granting of applicant's request.

For the average residential customer, the increased gas cost would amount to approximately \$5.58 per year for an average usage of 125 therms per month.

In view of the record herein, the Commission makes the following findings of fact:

1. Increased prices for gas which Southwest purchases from El Paso have occurred and may occur as the result of FPC action (Docket No. RP 71-14).

2. It is just and reasonable that Southwest be authorized to offset such increased gas cost by increasing its charges to its own customers in Placer County.

3. The increases in rates and charges authorized herein are justified.

4. The rates and charges herein authorized are fair and reasonable, and the present rates and charges insofar as they differ from those prescribed herein are for the future unjust and unreasonable.

The Commission concludes that the application should be granted to the extent set forth in the following order.

O R D E R

IT IS ORDERED that:

1. Southwest Gas Corporation (Southwest) is hereby authorized to file with this Commission, on or after the effective date of this order and in conformance with the provisions of General Order No. 96-A, revised tariffs with changes in rates, charges and conditions as set out in Exhibit A, attached to the application herein, and to place said revised tariffs into effect one day after the date of such filing. The revised schedules shall apply only to service rendered on or after the effective date of this order.

2.a. Applicant is authorized to use 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 El Paso Natural Gas 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 .051 cents per therm.

b. The advice letter procedure to be made available to applicant for this purpose shall 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 shall be made and shall be subject to a new notice period of not less than 15 days.

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

- (1) Adjustments are to be consistent with Exhibit A attached to Application No. 52513.
 - (2) Revised rates are to become effective for service on and after the date the change in El Paso Natural Gas 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 shall prepare a plan for determining refunds consistent with the pertinent tariff provision authorized herein. Said plan 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 El Paso Natural Gas Company are ordered reduced as a result of reductions under Federal Power Commission Docket No. RP 71-14, applicant shall file a 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 15th
day of JUNE, 1971.

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