

ORIGINAL

Decision No. 82028

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHWEST GAS CORPORATION for )  
Authority to Increase Natural Gas )  
Rates in San Bernardino County, )  
California. )

Application No. 52428  
Fourth Petition for  
Modification of Dec. No. 78498  
(Filed August 20, 1973)

ORDER GRANTING FOURTH PETITION FOR  
MODIFICATION OF DECISION NO. 78498

By Decision No. 78498, dated March 30, 1971, in Application No. 52428, the Commission, among other things, authorized applicant, hereinafter petitioner, to continue the use of 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 should not extend beyond December 31, 1971, and should terminate at any time prior thereto if the tracking increases totaled more than .009 cents per therm.

On November 23, 1971, the Commission issued Decision No. 79383, wherein it modified the terms of the tracking authorization established for PG&E in Decision No. 78468 by, among other things, extending the tracking authorization through December 31, 1972, and deleted the then existing limitations on PG&E's authority to track El Paso Natural Gas Company's rate changes.

By Decision No. 79856, dated March 28, 1972, the Commission modified paragraph 2.a. of Decision No. 78498 to provide that the time for adjustments in applicant's rates occasioned by PG&E tracking rate changes were extended through December 31, 1972, and the .009 cents per therm limitation on tracking increase authority was eliminated.

On December 5, 1972, the Commission issued Decision No. 80793 wherein it modified the terms of the tracking authorization established for petitioner in Decision No. 78498 by, among other things, authorizing petitioner to use the advice letter procedure to offset any increased cost of gas purchased from PG&E, which cost to petitioner arose directly out of any decision by the Commission issued pursuant to Application No. 53552, then pending before the Commission. The Commission further authorized, by Decision No. 80793, to again modify paragraph 2.a. of Decision No. 78498, as modified by Decision No. 79856, to extend the time for tracking rate authorization through December 31, 1973.

On December 12, 1972, the Commission issued Decision No. 80799 wherein it expanded the scope of the tracking authorization established for petitioner in Decision No. 78498 by, among other things, authorizing petitioner to use the advice letter procedure to offset any increased cost of gas purchased from PG&E, which cost to petitioner might arise directly out of any decision by the Commission issued pursuant to Application No. 53118, then pending before the Commission.

In a fourth petition for modification of Decision No. 78498, filed August 20, 1973, petitioner alleges that on February 28, 1973, PG&E filed Application No. 53866 with the Commission wherein PG&E requested rate increases to offset the cost of gas increases it would pay to Pacific Gas Transmission and to California Producers and that pursuant to Decisions Nos. 81590 and 81609 in Application No. 53866, PG&E has increased its rates to petitioner by .181 cents per therm as of July 30, 1973. Absent authorization from the Commission, petitioner has not passed this increase on to its ratepayers.

Petitioner further alleges that on August 13, 1973 in a Second Amendment to Application No. 53866, PG&E requested that the Commission issue a decision, without further hearings, authorizing the relief requested therein and that approval of this request will increase PG&E's rates to petitioner by .204 cents per therm.

Petitioner also alleges that the annual cost to petitioner resulting from the authorized .181 cents per therm increase effective as of July 30, 1973 is \$94,182 based on the volumes purchased in the year ended June 30, 1973 and that the annual cost resulting from PG&E's proposed .204 cents per therm rate increase requested in its Second Amendment to Application No. 53866 filed August 13, 1973 is \$106,150, calculated on the same basis; and that by reason of the foregoing, petitioner requests the Commission to further modify its order in Decision No. 78498 to provide that petitioner may track through filings made under an advice letter procedure, any cost of gas increases in PG&E's rate schedule G-62 resulting from Commission action granting to PG&E all or part of the rate relief sought by PG&E in its Application No. 53866.

The petitioner also alleges that the need for such relief is immediate as PG&E rate increases have been in effect since July 30, 1973. Petitioner further requests that existing tracking authority granted in Decision No. 78498 and modified in Decisions Nos. 79856 and 80793, be extended beyond December 31, 1973 to December 31, 1974. The petitioner also alleges in the fourth petition for modification that if the Commission authorizes this request, the resulting tracking rate increases will not increase petitioner's level of earnings, but will merely offset the effect of increases in cost of purchased gas authorized by the Commission. In the event that the Commission authorizes this request, the increased revenue would be recovered from customer classes on a cents per therm basis as was the basis authorized in Decisions Nos. 78498, 79856, 80799 and 80793. The rate increase made under the authority sought herein would be subject to future reduction and refund in accordance

with the terms and conditions set forth in the Commission's order in Decision No. 78498.

Therefore, petitioner requests that the Commission issue an order, without hearing, to further modify Decision No. 78498 by authorizing petitioner to (1) file, under advice letter procedure, rate increases designed to offset the economic cost to petitioner of any increase which it may experience in its cost of gas by reason of increased cost of purchase of gas from PG&E under PG&E's rate Schedule G-62, or any superseding PG&E rate schedule, as a result of Application No. 53866; and (2) extend petitioner's tracking authority to December 31, 1974.

The Commission finds that the requests for items (1) and (2) above are reasonable and concludes that they should be granted. This is in view of the fact that PG&E's rates were increased effective July 30, 1973 and petitioner has thus far been unable to pass on this increase to its ratepayers. Any increases placed in effect pursuant to the authorization granted by this decision should be spread on a uniform cents per therm basis consistent with the tracking authority authorized by Decisions Nos. 78498, 79856, 80799 and 80793 and would be subject to future reduction and refund in accordance with the terms and conditions set forth in the Commission's order in Decision No. 78498. A public hearing is not necessary.

The increases in rates herein authorized will not increase petitioner's level of earnings but will merely offset increases in cost of purchased gas.

IT IS ORDERED that:

1. Southwest Gas Corporation may file, on or after the effective date of this decision, under advice letter procedure, rate increases designed to offset the economic cost to it of any increased cost of gas purchased by it from Pacific Gas and Electric Company under PG&E's rate Schedule G-62, which cost to Southwest Gas Corporation arises directly out of any decision of this Commission issued pursuant to Application No. 53866.

2. Paragraph 2.a. of Decision No. 78498, pertaining to adjustments in Southwest Gas Corporation's rates occasioned by tracking rate changes filed by Pacific Gas and Electric Company on or before December 31, 1971, and by Decision No. 79856 this termination date was extended to December 31, 1972 and further extended by Decision No. 80793 to December 31, 1973, is hereby further modified to provide that the time for such adjustments be extended through December 31, 1974.

3. In all other respects, Decision No. 78498, as modified by Decisions Nos. 79856, 80799 and 80793, remains in full force and effect.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup> day of OCTOBER, 1973.

William L. Sturgeon  
President

William J. Quinn

[Signature]  
Commissioners

I abstain  
[Signature], Commissioner