

ORIGINAL

Decision No. 85576

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the 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.

Application No. 52920
Sixth Petition for
Modification of
Decision No. 79467
(Filed on January 14, 1976)

O P I N I O N

The petitioner, Southwest Gas Corporation (Southwest), purchases gas from the Northwest Pipeline Corporation (Northwest). Southwest uses this gas to supply retail sales in its Placer County service area, including Northstar, and for resale elsewhere. The Federal Power Commission (FPC) has granted a purchased gas adjustment clause to Southwest for the gas purchased from Northwest for resale.

Currently, the Commission has authorized Southwest to use the advice letter procedure to offset increases in the cost of gas resulting from tracking rate increases authorized its supplier by the FPC. This authority expired on December 31, 1975.

The Commission has authorized the use of the advice letter procedure for Southwest to track increases in the cost of purchased gas from its suppliers annually since 1971 by Decisions Nos. 79467, 80875, 82124, 82778 and 83567.

The petitioner now requests further renewal of authority to use the advice letter procedure for tracking increases due to tracking rate increase filings made by Northwest.

The petitioner indicated that tracking increases, if authorized, will not increase the petitioner's level of earnings, but will merely offset the increased cost of purchased gas to the petitioner. The increased revenue would be recovered on the basis

authorized in Decisions Nos. 79467, 80875, 82124, 82778 and 83567, and would be subject to reduction and refund in accordance with the Commission orders in these decisions.

Petitioner was granted rate relief in its Placer County District by Decision No. 82714, dated April 9, 1974, in Application No. 53747. A rate of return of 8.75% was found to be reasonable although results of operations were based on a 1973 test year.

Findings

1. Petitioner has previously been authorized to track changes in its cost of purchased gas attributable to rate increase filings made by El Paso Natural Gas Company and Northwest Pipeline Corporation.

2. The authority to offset price changes by its present supplier, Northwest Pipeline Corporation, based on tracking increases granted by the FPC, as specified in Decision No. 79467, should be extended until December 31, 1976.

3. A public hearing is not necessary.

Conclusion of Law

1. Based on the foregoing findings, the Commission concludes that the petitioner should be granted the authority sought in its petition for modification of Decision No. 79467 to the extent set forth in the order which follows.

2. The Commission concludes that the effective date of this order should be the date on which it is signed because there is an immediate need to reinstate and continue the tracking authority previously granted to the petitioner.

O R D E R


IT IS ORDERED that:

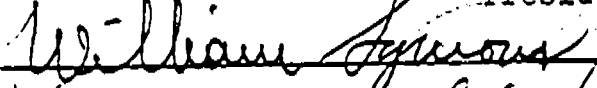
1. Southwest Gas Corporation's authorization to use the advice letter procedure to revise tariff schedules to reflect changes in the cost of purchased gas attributable to tracking rate change filings made by Northwest Pipeline Corporation is extended until December 31, 1976.

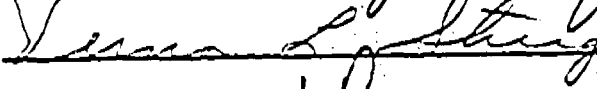
2. In all other respects, Decision No. 79467, as modified by Decisions Nos. 80875, 82124, 82778 and 83567, remains in full force and effect.


The effective date of this order is the date hereof.

Dated at San Francisco, California, this 16th day of
3 MARCH, 1976.



President






Commissioners