

ORIGINAL

Decision No. 87580 July 12, 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CALIFORNIA-PACIFIC UTILITIES COMPANY  
for authority to increase its Gas  
Rates in its Needles District to  
Offset Increases in Purchased Gas  
Cost Due to Increases by Pacific  
Gas and Electric Company in its  
Resale Schedule No. G-62.

Application No. 57281  
(Filed May 4, 1977)

O P I N I O N

The petitioner (Applicant), CALIFORNIA-PACIFIC UTILITIES COMPANY, is a California corporation duly organized and existing under the laws of the State of California. Applicant owns and operates public utility electric, gas, water, and telephone systems in various parts of California; electric, gas, water, and telephone systems in Oregon; electric, gas, water, and telephone systems in Nevada; and electric systems in Utah and Arizona. Applicant is also engaged in the non-utility sale of liquefied petroleum gas in Oregon. Applicant's principal place of business is located at: 600 Stockton Street, San Francisco, California, 94108.

The Applicant seeks authority to increase its rates for gas service under California Public Utilities Code Sections 454 and 491. This results from Advice No. 885-G, dated February 28, 1977, wherein Pacific Gas and Electric Company (PG&E) sought to increase its gas rates on April 1, 1977. By Application No. 57124, filed March 3, 1977, PG&E sought an additional increase in its gas rates effective June 1, 1977. The Commission combined both of these filings for a hearing on May 2, 1977, and designated Advice No. 885-G as Application No. 57138. On March 23, 1977, PG&E filed a Supplemental Results of Operations and Offset Rate Proposal. During the hearings, PG&E submitted Exhibit No. 22

dated May 10, 1977, based on the combined total increase to PG&E from El Paso of 66.844 million dollars, which corresponded to an average increase of 1.111 cents per therm for the non-lifeline part of the gas purchases by PG&E's resale customers.

El Paso subsequently reduced its proposed increase to PG&E to 58.444 million dollars. PG&E then submitted a revised Exhibit No. 22 dated June 15, 1977, to reflect that change and thereby revising the average increase downwards from 1.111 cents per therm to 1.020 cents per therm for its resale customers, including California Pacific Utilities Company through Schedule No. G-62, for all deliveries over 44% of total deliveries. The 44% figure represents the lifeline usage allowance by the Commission for the Applicant as stated by letter to PG&E dated April 7, 1976.

On an annual basis, this incremental cost of 1.020¢ per therm of non-lifeline usage will increase the purchased gas cost of the Needles District by \$6,601 based on data shown in Exhibit A of this application, No. 57281. The annual revenue increase required to offset the annual increase in purchased gas costs and related gross revenue deductions is \$6,765.

Based on the results of the Commission's pending decision in PG&E's applications, the Applicant proposes to file, by advice letter, new rates, including a multi-tier rate, to become effective concurrent with the effective date of PG&E's increase to Applicant.

Applicant presently has on file Application No. 56890, a general rate increase for gas in its Needles District, in which one of the major issues is the establishment of a multi-tier rate base. This item will be left to that docket. In this proceeding, only the offset increase on non-lifeline gas use is considered.

Exhibit C, attached to Application No. 57281, sets forth a Summary of Earnings for the year 1976 as recorded and at present rates. It shows that the rate of return in both cases for the Needles operation is negative. In view of the alleged earnings the Applicant's rate of return is not in excess of the rate of return of 9.04% found reasonable in Decision No. 85181, dated November 25, 1975.

Applicant is now authorized by the Commission to reflect changes in the base rates of PG&E's Schedule No. G-62, by means of tariff filing procedures established pursuant to Decision No. 84765, dated August 5, 1975, in Application No. 54665.

The Applicant will maintain records in connection with its Balancing Account to ascertain that this offset rate increase will offset the applicable gas cost increase per Section 792.5 of the Public Utilities Code.

#### Findings

1. Applicant has previously been authorized to track changes in its cost of purchased gas attributable to rate increase filings made by PG&E and reflected in the base rates of Schedule G-62 for the Needles gas operation.

2. The Applicant needs to be allowed to increase its rates to offset the increase from PG&E in view of Applicant's low earnings.

3. This application seeks authority only to pass along the increase in PG&E's Schedule No. G-62.

4. The Applicant has not provided the sales volumes for the lifeline and non-lifeline quantity sales in this application. The non-lifeline quantity sales volume as submitted by the Applicant with its Advice No. 101-G, dated April 8, 1977, shall be used for calculating the uniform cents per therm rate increase on the non-lifeline use of 700,346 therms for its customers.

5. A public hearing is not necessary in this matter.

Conclusion of Law

1. Based on the foregoing findings, the Commission concludes that the Applicant should be granted the authority sought to increase its rates, by advice letter filing, using a rate design satisfactory to the Commission to offset concurrently the increases in PG&E's Schedule No. G-62 as may be authorized by the Commission in its decision in Applications Nos. 57124 and 57138.

2. The Commission concludes that the effective date of this order should be the effective date of PG&E increase to Applicant under PG&E's Applications Nos. 57124 and 57138.

O R D E R

IT IS ORDERED that:

1. California-Pacific Utilities Company's authority for its Needles District to increase its rates, by advice letter filing, be granted until further decision of the Commission, to offset the increases in PG&E's Schedule No. G-62 in accordance with the Commission's action in Applications Nos. 57124 and 57138.

2. The rates in the Applicant's present rate schedules for the non-lifeline use part shall be increased by 0.966 cents per therm to provide an annual gross revenue increase of \$6,765 needed to offset the stated increase in Purchased Gas Cost.

3. Such filing shall comply with General Order No. 96 series.

4. In all other respects, Decision No. 84765, as modified by Decisions Nos. 84793 and 85181, remains in full force and effect.

5. The effective date of this order is the effective date of PG&E's increase.

6. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

Dated at San Francisco, California, this  
12<sup>th</sup> day of JULY, 1977.

Commissioner CLAIRE T. DEDRICK did  
not participate in the disposition  
of this proceeding.

Robert Batminal  
President  
William Squares  
Vernon L. Stetson  
Charles W. Howell

Commissioners