

ORIGINAL

Decision No. 87581 July 12, 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHWEST GAS CORPORATION for authority to revise its gas service tariff to offset increases in the price of gas from Pacific Gas and Electric Company in its Resale Schedule No. G-63.

Application No. 57247  
(Filed April 22, 1977)

O P I N I O N

The applicant, whose exact legal name is Southwest Gas Corporation, is a corporation organized and existing under the laws of the State of California, and is engaged in the business of distributing and selling natural gas in certain portions of San Bernardino County, California, as a public utility subject to the jurisdiction of the Commission. Applicant is also engaged in the intrastate transmission, sale and distribution of natural gas as a public utility in certain portions of the States of Nevada and Arizona, and is a "natural gas company" within the meaning of the Natural Gas Act and subject to the jurisdiction of the Federal Power Commission with respect to interstate transmission facilities and sales of natural gas for resale on its northern Nevada system.

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 66.244 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 thereby revising the average increase downwards from 1.111 cents per therm to 1.020 cents per therm for its resale customers, including Southwest Gas Corporation, through Schedule No. G-63, for all deliveries over 35.9% of total deliveries. The 35.9% figure represents the lifeline usage allowance by the Commission for PG&E as stated by letter to PG&E dated April 7, 1976.

On an annual basis, this incremental cost of 1.020 cents per therm of non-lifeline usage will increase the purchased gas cost of the San Bernardino County District by \$315,841 based on data shown in Schedule A of this application. The annual revenue increase required to offset the annual increase in purchased gas costs and related gross revenue deductions is \$320,200 as shown in Appendix B.

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, similar to those shown in Appendix A, to become effective concurrent with the effective date of PG&E's increase to Southwest.

Southwest presently has on file Application No. 57246, a general rate increase for its California gas operation. The Results of Operations Exhibit attached to Application No. 57246 sets forth a Summary of Earnings for the year 1976 both as recorded and at present rates, showing that the rate of return is 5.24% and 6.37%, respectively.

A. 57281 FG\*

In view of the alleged earnings and the pending general rate proceeding, the applicant's earnings are not in excess of the rate of return last found reasonable of 9.75% in Decision No. 86989, dated February 23, 1977.

The Applicant, Southwest, is now authorized by the Commission to reflect changes in the base rates of PG&E's Schedule No. G-63, by means of tariff filing procedures established pursuant to Decision No. 84603, dated May 13, 1975, in Application No. 54807.

The authorized increases per therm, for the rate design of Appendix A, are developed in Appendix B.

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-63 for the San Bernardino County District.

2. The applicant needs to be allowed to increase its rates to offset a current rate of return which is well below the Commission's last authorized level.

3. This application seeks authority only to pass along further increases in PG&E's Schedule No. G-63.

4. 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, which may incorporate a third

A. 57247 FG\*\*

tier, to offset concurrently the increases in PG&E's Schedule No. G-63 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's increase to applicant under PG&E's Applications Nos. 57124 and 57138.

O R D E R

IT IS ORDERED that:

1. Southwest Gas Corporation's authority for its San Bernardino County District to increase its rates, by advice letter filing, using the increases per therm developed in Appendix B, be granted until further decision of the Commission, to offset the increases in PG&E's Schedule No. G-63 in accordance with the Commission's action in Applications Nos. 57124 and 57138.

2. Such filing shall comply with General Order No. 96-Series.

3. In all other respects, Decision No. 84603, as modified by Decision No. 86989, remains in full force and effect.

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

5. 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 Bateman  
President  
William Lyons-Jr.  
Gregory L. Stetson  
Robert D. Howell

Commissioners

APPENDIX A  
Sheet 1 of 2

## SOUTHWEST GAS CORPORATION

Rates Per Therm - Residential  
Based on PG&E Increase of 1.020 Cents Per Therm

<u>Block Limits</u>	Schedule <u>G-1A1-S</u>	Schedule <u>G-1A2-S</u>	Schedule <u>G-2A3-S</u>
Customer Charge	Lifeline \$3.383	Lifeline \$3.383	Lifeline \$3.644
0- 26	" .20911	" .20911	" .22428
27-126	Non-Lifeline .30349	Non-Lifeline .30349	Non-Lifeline .32694
Over 126	" .33136	" .33136	" .35481

<u>Block Limits</u>	Schedule <u>G-1H1-W</u>	<u>Block Limits</u>	Schedule <u>G-1H2-W</u>
Customer Charge	Lifeline 3.383	Customer Charge	Lifeline 3.383
0- 32	" .20911	0- 32	" .20911
33- 55	" .19826	33- 80	" .19826
55-155	Non-Lifeline .30349	81-180	Non-Lifeline .30349
Over 155	" .33136	Over 180	" .33136

<u>Block Limits</u>	Schedule <u>G-1A1-W</u>	<u>Block Limits</u>	Schedule <u>G-1A2-W</u>
Customer Charge	Lifeline 3.383	Customer Charge	Lifeline 3.383
0- 32	" .20911	0- 32	" .20911
33- 81	" .19826	33-104	" .19826
82-181	Non-Lifeline .30349	105-106	" .18948
Over 181	" .33136	107-206	Non-Lifeline .30349
		Over 206	" .33136

<u>Block Limits</u>	Schedule <u>G-2H3-W</u>	<u>Block Limits</u>	Schedule <u>G-2A3-W</u>
Customer Charge	Lifeline 3.644	Customer Charge	Lifeline 3.644
0- 32	" .22428	0- 32	" .22428
32-104	" .21195	32-104	" .21195
105-115	" .20203	105-141	" .20203
116-215	Non-Lifeline .32694	142-241	Non-Lifeline .32694
Over 215	" .35481	Over 241	" .35481

<u>Block Limits</u>	Schedule <u>G-1H1-S</u>	Schedule <u>G-1H2-S</u>	Schedule <u>G-2H3-S</u>
Customer Charge	3.383	3.383	3.644
0-100	.30349	.30349	.32694
Over 100	.33136	.33136	.35481

APPENDIX A  
Sheet 2 of 2

SOUTHWEST GAS CORPORATION

Rates Per Therm - Non-Residential  
Based on PG&E Increase of 1.020 Cents Per Therm

<u>Block Limits</u>	<u>Schedule G-1A</u>	<u>Schedule G-2A</u>
Customer Charge	\$3.383	\$3.644
All Usage	.30349	.32694
	<u>Schedule G-15</u>	
Per Lamp		
Per Month		
1.99 cu.ft./hr.	\$3.96	
2.00 to 2.49	5.53	
	<u>Schedule G-45</u>	<u>Schedule G-46</u>
All Usage	.30349	.32694
	<u>Schedule G-50</u>	<u>Schedule G-51</u>
All Usage	.30355	.32700

## APPENDIX B

## Suggested Advice

SOUTHWEST GAS CORPORATION  
San Bernardino Service Area

Increase Per Therm Sold at PG&E Increase of 1.020 ¢/Therm  
Estimated Volumes Based on 1976 Data

Line No.:	Reference:	Item	Amount
1		Total Sales - Therms	46,195,936
2		Lifeline Sales - Actual	18,967,912
3		Tier 2 Including Commercial and Interruptible - Actual	26,079,105
4		Tier 3 - Actual	1,148,919
5	(3 + 4)	Therms Billed to Customers Subject to Offset	27,228,024
6	(5)	Increase in Amount of Bills at \$.01020¢/T	\$ 277,726
7	(6)	Increase in Uncollectibles at 0.47%	\$ 1,305
8	(1)	Unaccounted Purchases at 4.57% - Therms	2,111,154
9	(1 + 8)	Total Purchases from PG&E - Therms	48,307,090
10	(9)	Purchases for Lifeline at 35.9% per Tariff G-63-Therms	17,342,245
11	(9 - 10)	Therms Purchased from PG&E Subject to Offset	30,964,845
12	(11)	Increase in Amount of Purchases at \$.01020¢/T	\$ 315,841
13	(7 + 12)	Total Cost Increase Due to Offset	\$ 317,146
14	(13)	Increase to Franchise Tax at 0.963%	\$ 3,054
15	(13 + 14)	Increase to Revenue Required	\$ 320,200
16	(15)	Increase to Tiers 2 and 3 at 90%	\$ 288,180
17	(16/5)	Total Increase to Tier 2, Base for Tier 3, per Therm	1.058¢
18	(15 - 16)	Additional Increase to Tier 3 (Balance of Revenue Reqd)	\$ 32,020
19	(18/4)	Additional Increase to Tier 3 per Therm	2.787¢
20	(17 + 19)	Total Increase to Tier 3 per Therm	3.845¢
21	(17 x 3)	Revenue Increase Tier 2	\$ 275,917
22	(20 x 4)	Revenue Increase Tier 3	\$ 44,176
23	(21 + 22)	Total Revenue Increase	\$ 320,093