

Decision No. 89910

JAN 30 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

GOLDEN GATEWAY CENTER,

Complainant,

vs.

PACIFIC GAS & ELECTRIC COMPANY,

Defendant.

Case No. 10306
(Filed April 8, 1977)

David W. Towner and Charles W. Hall, for complainant.
Malcolm H. Furbush and Bernard Della Santa, Attorneys at Law, for defendant.
Richard Rosenberg, Attorney at Law, for the Commission staff.

O P I N I O N

Golden Gateway Center (complainant) requests that the Commission order Pacific Gas and Electric Company (PG&E) to bill complainant for natural gas service at 550 Battery Street, San Francisco, and 440 Davis Court, San Francisco, under its Rate Schedule GM-1 and that complainant be reassigned to Priority P-1 at these locations.

Complainant operates four apartment buildings and fifty-eight townhouses, comprising a total of 1,254 leased residential units and some commercial leaseholds. Complainant receives natural gas service at 550 Battery Street, San Francisco, and 440 Davis Court, San Francisco, under PG&E's Rate Schedule G-50.

On August 3, 1976 complainant requested that gas service for the aforementioned locations receive billing under PG&E's alternate Rate Schedule GM-1. PG&E denied this request on the grounds that complainant has a Priority P-3 assignment. It is alleged that subsequent written and verbal requests for such

change were denied on the grounds of the Priority P-3 assignment and that complainant has an alternate fuel capability.

Complainant also alleges that PG&E now serves some multi-family residential customers having boilers and alternate fuel capability on its GM-1 Rate Schedule, that such customers have been classified as Priority P-1, and that denial of billing under the beneficial GM-1 rate, while applying it to other customers of the same class, is discriminatory. ✓

The gas consumed at each of the aforementioned locations is centrally metered and complainant contends that the entire cost for this gas is taken into account in determining rent schedules. Therefore, complainant argues that residential tenants effectively bear the cost of gas as they would if individually metered and the forced application of a commercial rate to residential use is discriminatory.

In its answer, PG&E admitted that it denied complainant's request for billing the above-mentioned locations under Gas Rate Schedule GM-1. Denial was based on the grounds that Schedule No. GM-1 is not applicable to complainant's service at either of said locations since that schedule is applicable to Priority P-1 residential service in San Francisco supplied to multi-family accommodations through one meter on a single premises and that by Decision No. 85189, as modified by Decision No. 86357, complainant's service does not qualify as residential use. PG&E also stated that complainant's gas use for each of the above locations exceeds 100 Mcf per day, the end-use of such gas is boiler fuel with the availability of an alternate fuel, and that under the above-cited Commission decisions, complainant's use is classified as Priority 3 and properly billed under PG&E's Schedule G-50.

PG&E admits to serving multi-family residential complexes having boilers with feasible alternate fuel capability on its GM-1 Rate Schedule and assigning such customers as Priority P-1. However, unlike complainant, the use by such customers is less than 100 Mcf per day and therefore is properly classified as Priority P-1 under the end-use priority system established in Decision No. 85189.

At the hearing held August 15, 1977 at San Francisco, it was determined that the parties should negotiate a settlement to preclude the necessity of a Commission order and the matter was continued to a future date to be set. Several conferences were held and letters of proposals exchanged without resolution of the matter. Hearing was then held March 17, 1978 at San Francisco at which time the matter was submitted.

Mr. David Towner, general manager of complainant and Golden Gateway Building Company, testified that as a result of the meetings held subsequent to the August 15, 1977 hearing, complainant understood PG&E's position to be that if complainant could show that the physical separation of commercial natural gas use from residential gas use was impracticable, the parties would mutually agree on an estimated proration formula for billing purposes. The proration formula would be subject to Commission approval.

Mr. Towner stated that pursuant to that understanding estimates for the installation of separate water heating equipment to serve only the commercial leaseholds at the two locations was solicited. The estimate received was \$160,000, excluding maintenance costs. He stated that because of the high cost of the installation plus the fact that additional heat loss caused by adding duplicate runs of heated piping will render the system less energy efficient, separate metering is impracticable and that proration was the solution to the problem.

Mr. Towner sponsored Exhibits Nos. 2 and 3 which are calculations of the residential and commercial areas capable of natural gas service to produce a percentage allocation for split rate billing purposes acceptable to complainant. Exhibit No. 2 is entitled Calculation of Heated Area Ratio and shows approximately 4 percent

of the complex heated area to be commercial. Exhibit No. 3 is entitled Calculation of Heated Space Ratio and shows approximately ✓ 7 percent to be commercial.

Finally, Mr. Towner stated that he believed that there is a distinction between other Priority P-3 boilers and complainant's in that complainant's boilers do not generate steam but only produce heated water. Further, the alternate fuel oil storage capacity at each location is but 6,000 gallons which translates into only 2-3 days fuel at Battery Street and 5-6 days at Davis Court.

Mr. Samuel D. Wells, a senior commercial analyst in the Commercial Department, testified for PG&E. Mr. Wells stated the reason PG&E refused to reclassify complainant's gas service to Priority P-1 and why the GM Rate Schedule is not applicable was:

"Under the former price-volume curtailment plan, gas service to the boiler plants was supplied under our interruptible Rate Schedule G-50 and gas service to the pilot lights was supplied under Rate Schedule G-1. By Decision No. 85189, the Commission established an end-use priority system to replace the former price-volume system. The Commission stated that Priority 3 distinguishes commercial boiler fuel usage from that of industrial and utility steam-electric generation use and includes central boilers in multi-unit apartment houses using more than 100 mcf per day."

Mr. Wells also said that Decision No. 85189 states that all residential use regardless of size is in Priority P-1. "Residential Use" is defined as service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating, and other residential uses. He stated that complainant's gas services do not qualify for Priority P-1 because both services are in excess of 100 Mcf/d and gas is not used directly in the dwelling units. Mr. Wells alleged that complainant is properly classified as Priority P-3 and that Rate Schedule G-50 is applicable to natural gas service to uses classified as Priority P-3.

Mr. Wells stated also that Rate Schedule GM is not applicable to complainant because the central boilers are supplying heat in both commercial establishments and residential dwelling units and that Special Condition 1 of Rate Schedule GM specifically excludes commercial establishments. Also, the GM schedule applicability clause limits the schedule to residential use supplied to multi-family accommodations through one meter on a single premises. ✓

Mr. Wells stated that PG&E is opposed to the idea of estimating the commercial usage and deducting it from the meter readings to effect the separation of residential and commercial use as it would violate the company's tariffs; that to estimate customers' usage in lieu of measuring such usage by means of standard metering devices would destroy the integrity of the utility industry's system of determining charges to customers; that without standard metering devices, there is no reasonable method to determine a customer's usage and such meters eliminate human error that is inherent in estimating usage. Further, the requirement for accurately measuring energy usage is set forth in a number of places in general orders and tariffs ordered or authorized by the Commission. Mr. Wells points to the Commission's General Order No. 58-A, Section 22, which states that each utility shall install service lines and meters of adequate capacity to provide satisfactory service and to assure accurate meter registration under the load conditions imposed. He stated that PG&E's Rule No. 9, Section A, states that all bills for gas service will be based on meter registration except as may otherwise be provided in the utility's tariffs. PG&E's Preliminary Statement, Part A, No. 5(a) states all gas as supplied by PG&E to its customers shall be measured by means of suitable standard gas meters except as may otherwise be provided in the company's tariffs, or where under unusual circumstances, the installation of a gas meter is impractical in which event usage will be estimated from load and operating time data. ✓

To refute complainant's argument that the cost of installing separate metering is prohibitive and uneconomical. Mr. Wells sponsored Exhibit No. 5. This exhibit shows that separate metering will achieve a saving of over \$69,000 per year and, based on the complainant's estimate of installation, any cost involved would be recovered within two years.

Finally, Mr. Wells stated that it is not practical to estimate usage for commercial establishments because of the variable elements such as ambient temperatures and volume of use and that customers who have a combination of residential and commercial usage supplied by a single meter are billed as a commercial customer.

The question to be resolved is whether PG&E has properly classified complainant as Priority P-3 and billed complainant under its Rate Schedule G-50.

In Decision No. 85189 dated December 2, 1975 this Commission established an end-use priority system to replace the former price-volume system for natural gas use. In that decision we determined Priority P-1 to be:

"All residential use regardless of size, all other firm use with peak-day demands less than 100 Mcf/d."

and defined residential use as:

"Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating, and other residential uses."

Complainant's units are multi-family. PG&E rate schedule for multi-family service under Priority P-1 is Rate Schedule GM. As pointed out above, that schedule is applicable to residential service supplied through one meter on a single premises. Complainant receives service through a single meter but does not use the gas for residential purposes as defined in Decision No. 85189. Therefore, service under this schedule is not available to complainant.

For Priority P-3 we stated in Decision No. 85189:

"This priority distinguishes commercial boiler fuel usage from that of industrial boiler fuel usage and from that of industrial and utility steam-electric generation use and includes central boilers in multi-unit apartment houses using more than 100 Mcf/d. ..."

Clearly complainant's gas service falls within this definition at both locations and cannot qualify for Priority P-1 service. Both have a peak-day demand in excess of 100 Mcf/d, and the gas is not used as "residential use" as defined in Decision No. 85189.

For the reasons stated above, we conclude that PG&E properly classifies complainant's service as Priority P-3 and correctly bills complainant under Rate Schedule G-50. The relief requested should be denied.

Findings

1. Complainant operates four apartment buildings and fifty-eight townhouses comprising 1,254 leased residential units and some commercial units in the city of San Francisco.
2. Complainant receives natural gas service from PG&E under PG&E's Rate Schedule G-50.
3. Complainant is presently classified as Priority P-3 under PG&E's filed tariffs receiving service through one meter at each location.
4. Complainant uses natural gas as a boiler fuel. Complainant does not use natural gas for residential purposes as that term is defined in Decision No. 85189.
5. Complainant has an alternate fuel capability with a storage capacity of approximately 6,000 gallons of fuel oil at each location.
6. The Commission in Decision No. 85189 established a priority plan based on end-use for curtailment of natural gas service.
7. Prior to Decision No. 85189, complainant received service from PG&E under PG&E's interruptible Rate Schedule G-50.

8. In Decision No. 85189 we determined Priority P-1 to be: ✓

"All residential use regardless of size. All other firm use with peak-day demands of less than 100 Mcf/d."

9. Residential use in Decision No. 85189 was defined as:

"Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating, and other residential uses."

10. In Decision No. 85189 we stated that Priority P-3 was:

"This priority distinguishes commercial boiler fuel usage from that of industrial and utility steam-electric generation use and includes central boilers in multi-unit apartment houses using more than 100 Mcf/d."

11. The cost to install separate meters on complainant's premises would be approximately \$160,000. Based on the number of residential units served, the cost to install separate meters could be recovered in approximately two to three years. ✓

12. PG&E provides multi-family residential service as Priority P-1 under its Rate Schedule GM. ✓

13. In Decision No. 85189 we determined that Priority P-3 included central boilers in multi-unit apartment houses using more than 100 Mcf/d.

14. Complainant's services at 550 Battery Street and 440 Davis Court in San Francisco are properly classified as Priority P-3.

15. PG&E should bill complainant under Rate Schedule G-50.

We conclude that the relief requested should be denied.

ORDER

IT IS ORDERED that the relief requested is hereby denied.
Case No. 10306 is dismissed without prejudice.

The effective date of this order shall be thirty days
after the date hereof.

Dated at San Francisco, California, this 30th
day of JANUARY, 1979.

Robert D. ...
President
Vernon L. Sturgeon
Clair T. ...

Commissioners

Commissioner John E. Bryson
Present but not participating.

Commissioner Leonard M. Grimes, Jr.
Present but not participating.