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Decision 96-06-018 June 6, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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| Paramount Pictures Corporation,<br><br>Complainant,<br><br>vs.<br><br>Southern California Gas Company,<br><br>Defendant. | Case 96-03-022<br>(Filed March 13, 1996) |

## OPINION

### Summary

Paramount Pictures Corporation (Paramount) is granted a deviation from Southern California Gas Company (SoCalGas) Tariff Rule 17 to allow the readings of the five gas meters on its single-studio facility to be combined so that Paramount may qualify for noncore gas rates.

### Facts

Paramount seeks a reclassification of its customer designation from core to noncore customer status by having the total gas consumption at its single-studio facility considered in determining its SoCalGas customer classification.

Paramount's studio lot, located at 5555 Melrose Avenue, Hollywood, California, is comprised of approximately 64 contiguous acres of motion picture and television production and production support facilities.

The studio lot currently has five separate gas meters monitoring its gas usage at this single facility, the result of Paramount periodically acquiring adjoining parcels of land over the past 30 years, each having its own gas line and attendant gas meter.

Paramount conducted a study and determined that it would cost approximately $210,000 to $250,000 to consolidate all of its gas lines so that gas usage could be monitored by a single meter. Many of the streets at Paramount's studio lot would have to be trenched to allow for new pipe and, in some cases, existing gas mains would have to be resized and replaced.

According to Paramount, the physical construction required to consolidate the five meters on the Paramount lot would severely disrupt Paramount's ongoing business operations, and could result in Paramount being placed at a distinct disadvantage vis-a-vis its competitors. The physical trenching required would be over 50% of the length of the studio lot and many stages would be unusable during the course of the modification. Such construction would also delay production projects ongoing at Paramount's studio or production would have to be diverted to outside facilities (if available) for which premium rent would be required. Moreover, offers from non-Paramount productions wishing to rent Paramount's facilities for their production needs would likely have to be declined, resulting in a loss of significant rental income.

SoCalGas does not object to Paramount receiving a deviation from its Tariff Rule 17. SoCalGas states that as a result of the review of Paramount's request, it has come to its attention that the usage on four of the five meters on Paramount's studio facilities was inappropriately combined for billing purposes. Those billings were at core rates. However, SoCalGas states that it will waive its right to correct the prior billings (Rule 16) if the Commission grants Paramount the relief requested.

Also, SoCalGas states that if the Commission grants the relief requested by Paramount, SoCalGas will make any appropriate adjustment in its 1996 Biennial Cost Allocation Proceeding (BCAP), Application 96-03-031, to reflect the cost allocation impact of Paramount transferring from core service to noncore service. Any revenue differential incurred prior to the implementation of the

BCAP will be recorded into the revenue tracking account established by the Commission at pp. 4-5 of Resolution G-2839 (December 19, 1988) relating to authorized core to noncore reclassifications.

Discussion

We conclude that, given the facts before us, it does not make economic sense to insist that Paramount route all gas service lines through one meter, so that it may take advantage of noncore gas rates. Paramount's request for a deviation from SoCalGas Tariff Rule 17 should be granted.

Findings of Fact

1. Paramount's total gas usage on its studio premises qualifies it for noncore rates.

2. Since gas service is provided through five separate meters and the readings of these meters need to be combined for billing purposes to qualify for noncore rates, Paramount needs a deviation from SoCalGas Tariff Rule 17.

3. SoCalGas Tariff Rule 17, Reading of Separate Meters Not Combined, requires separate billing for each meter on a customer's premises unless combined meter reading is specifically provided for in the rate schedule.

4. SoCalGas does not object to Paramount's request for a deviation from Tariff Rule 17.

Conclusions of Law

1. Because of the cost and business disruption involved in routing all gas service lines through one meter, it is reasonable to grant Paramount a deviation from SoCalGas Tariff Rule 17 to allow the readings of the five gas meters on Paramount's studio facility to be combined for billing purposes and for determining eligibility for noncore gas rates.

2. Since there are no facts in dispute, an evidentiary hearing is not necessary.

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**O R D E R**

IT IS ORDERED that:

1. Paramount Pictures Corporation (Paramount) is granted a deviation from Southern California Gas Company Tariff Rule 17. Accordingly, readings of the five gas meters on Paramount's studio facility located at 5555 Melrose Avenue, Hollywood, may be combined for billing purposes and for determining eligibility for noncore gas rates.

2. Case 96-03-022 is closed.

This order is effective today.

Dated June 6, 1996, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Commissioner Daniel Wm. Fessler, being necessarily absent, did not participate.