

Decision 99-06-004 June 3, 1999

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Dagwani "Dag" Andom, et al.,

Complainants,

vs.

Southwest Gas Corporation,

Defendant.

Case 98-05-052
(Filed May 29, 1998)

Dagmawi Andom, complainant.
Andrew Wilson Bettny, for Southwest Gas
Company, defendant.

OPINION

Summary

This decision finds that complainants did not meet their burden of proof in demonstrating that the gas rates of defendant Southwest Gas Corporation (SW Gas) in the high-desert area of Victorville are unreasonable and not affordable. The complaint is denied and the case dismissed.

Procedural History

The Instructions to Answer issued on June 12, 1998 categorized this proceeding as ratesetting, and stated that hearings are needed. No party appealed the categorization.

The Scoping Memo and Ruling of Assigned Commissioner filed on August 19, 1998 confirmed the categorization and assigned Administrative Law Judge William R. Stalder as the principal hearing officer in this proceeding. It

also sets forth the hearing schedule and defined the scope of the proceeding to consider the following issues:

- rate increases by customer class from pre-December 1997 to the present.
- reasonableness of current rates
- affordability of current rates to customers

Background

This complaint case, filed on May 29, 1998 and signed by more than 25 customers of defendant SW Gas, including Andom, seeks lower gas rates in the Victorville area, and asks that the rates revert to the levels in effect prior to December 1997. Under the Commission's Rules of Practice and Procedure Rule 9(a), the Commission may entertain the reasonableness of rates in this case because 25 or more customers of SW Gas signed the complaint.

Andom alleges that the current gas rates are not justified and are not affordable to this economically depressed high-desert area.

Defendant responds that the current rates, effective December 5, 1997, were approved by the Commission. The rate increases are due to increases in purchased gas costs, upstream intrastate variable transportation costs, and fixed upstream transportation and storage costs.

Hearing

A prehearing conference was held on July 20, 1998, followed by an evidentiary hearing on September 14, 1998, both held in Victorville.

At the evidentiary hearing Andom testified on behalf of himself and the other complainants. Andom testified that he didn't understand the reason for the rate increase in December 1997, which is about 20%. None of the other complainant appeared at the hearing.

SW Gas presented the testimony of Jamie Ramirez, senior manager of the Rates Department. Ramirez testified that while a significant increase in rates was effective on December 5, 1997, the overall rates for Victorville GS-10 residential customers were lower in 1998 than in 1991 on an inflation-adjusted basis, and only about 6% higher on an actual dollar basis. Similarly, the rates for Victorville GS-55 industrial customers are lower in 1998 than in 1991 on an inflation-adjusted basis, and nearly the same on a real dollar basis. The Victorville GS-40 commercial rates are higher both on an inflation-adjusted and on a real dollar basis.

Andom contends that his rates for gas at a laundromat he owns in Victorville increased from the 70 cents per-therm range to around 90 cents. SW Gas presented an exhibit comparing the rates at the laundromat for corresponding eight-month periods of 1995 and 1998. The periods were selected to compare the earliest period of Andom operating the laundromat with the latest period after the December 5, 1997 rate increase. The rates increased from 78 cents per therm to 81 cents per therm, an average annual increase of 1.3%.

Andom's residential rates between the same two periods increased from 70 cents per therm to 86 cents per therm. However, that comparison must be tempered by the fact that, in the earlier period, he received gas under schedule GS-12 (Care Residential Gas Service) which discounts the rates 15%. Andom's eligibility for GS-12 ceased in November 1997. Considering that the current rate for GS-12 is 73 cents per therm, the residential rate actually increased about 1.4% per year between 1995 and 1998. Both comparisons of Andom's bills are not adjusted for inflation.

Discussion

While Andom claims that his laundromat bills have increased from an average of about \$600 per month to \$1,075, the actual gas consumption also

changed significantly. His September 1995 bill was \$594.51 for 773 therms, while the highest bill at \$1,015.76 in December 1997 was for 1350 therms. The average cost per therm was 76.9 cents for the early bill and 77.9 cents for the recent bill.

Andom's residential bills also increased very little over the 1995 to 1998 period. However, the December 1997 increase was significant, and that is perhaps what caused his concern. For example, the average GS-40 bill based on 242 therms per month usage varied from \$200.18 in 1995 to \$156.94 in 1996, \$171.52 in 1997, and \$205.93 in 1998. The effects of the most recent rate change are summarized below:

Customer Class		Rate Effective Date		
		August 1, 1996	December 5, 1997	% change
GS-10 Residential	Baseline	\$0.52794	\$0.67020	+12.7
	Tier II	0.75916	0.90152	+18.7
GS-40 Core	Commercial-summer	0.63823	0.66745	+ 4.6
	Winter	0.66745	0.80962	+21.3

We note that the increases in the GS-10 rates and the GS-40 winter rates are substantial. However, it also appears to be a fluctuation that is similar to those occurring in the past.

The rate fluctuations were due to purchased-gas costs, upstream transportation and storage costs, all of which were approved by the Commission.

In a complaint, the complainant has the burden of proving his allegations. We have no compelling evidence that the current SW Gas rates in Victorville are unreasonable. We conclude that Andom has not satisfied the burden of proof in demonstrating that the SW Gas' rates are unreasonable.

We will dismiss the complaint and close this case in the order that follows.

Comments on Proposed Decision

The proposed decision of the Principal Hearing Officer in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(d) and Rule 77.1 of the Rules of Practice and Procedures. No comments were filed.

Findings of Fact

1. SW Gas rates have been approved by the Commission.
2. The rate increases of SW Gas, especially when adjusted for inflation, have not been substantial in recent years.
3. Complainants have not shown that the current rates of SW Gas in the Victorville area are unreasonable.
4. Complainants have not shown that the current rates of SW Gas are not affordable to customers in the Victorville area.

Conclusions of Law

1. Complainants have not met their burden of proof.
2. The complaint should be denied.
3. This case should be closed.

O R D E R

IT IS ORDERED that:

1. The complaint in Case 98-05-052 is denied.

2. This proceeding is closed.

This order is effective today.

Dated June 3, 1999, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
LORETTA M. LYNCH
TAL C. FINNEY
Commissioners