

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3218
AUGUST 1, 1997

R E S O L U T I O N

RESOLUTION G-3218. SOUTHWEST GAS CORPORATION REQUESTS PERMISSION TO REVISE ITS GAS TARIFF STATEMENT OF RATES TO ACCOUNT FOR THE 2% FRANCHISE FEE INCREASE TO THE CUSTOMERS WITHIN THE LIMITS OF THE TOWN OF TRUCKEE.

THE REQUEST IS GRANTED.

BY ADVICE LETTER NO. 547 FILED ON APRIL 22, 1997.

SUMMARY

1. By Advice Letter [AL] No. 547, Southwest Gas Corporation [Southwest] requests approval of its gas tariff statement of rates, which adds to the franchise fee a 2% differential surcharge to Southwest's Northern California customers residing within the town of Truckee, California [Truckee].
2. There were no protests to AL 547.
3. This Resolution grants the request.

BACKGROUND

1. Southwest was granted a certificate of public convenience and necessity [CPCN] and certain rate and cost recovery treatments to expand its northern California natural gas distribution facilities to serve portions of Placer, Nevada and El Dorado Counties by Commission Decisions [D.] 95-04-075 and 94-12-022 in Southwest's Applications [A.] 93-12-042 and 94-01-021, respectively. Subsequent to the Commission's decisions authorizing Southwest to serve Truckee, the Truckee Town Council required Southwest to enter into a franchise agreement for the right and privilege to lay pipes and use its natural gas distribution pipelines under, along, or upon the streets of Truckee. The Truckee Franchise Agreement was adopted by Truckee ordinance on May 2, 1996 and made effective by the signing of Southwest on June 1, 1996, for a period of twenty-five years.

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2. Southwest is obligated to pay a franchise fee, by the terms and conditions as specified in the Truckee Franchise Agreement, based on the gross receipts derived from the sale of utility service within the Truckee town limits. Initially the franchise fee, beginning June 1, 1966, was for 1% with increases to 3% for the first anniversary and to 5% on the third anniversary.

3. Southwest's Northern California Division franchise fee factor, for establishing base rates, was set in Southwest's last general rate case, A.94-01-021, at 0.9239% by D.94-12-022. The surcharge on Truckee's franchise fee should apply only to Southwest's customers within the Truckee town limits. By not adjusting the utility's Northern California Division franchise fee factor to reflect the additional 2% franchise fee to Truckee, it will ensure that other customers outside of Truckee do not pay the surcharge as well.

NOTICE

1. Southwest served notice of AL 547 by mailing copies to other utilities and parties that requests such information. AL 547 was noticed in the Commission Calendar.

PROTESTS

1. No party protested AL 547.

DISCUSSION

1. Southwest requests that a franchise fee differential surcharge of 2% applicable to the residents of Truckee be granted pursuant to the terms of the Truckee Franchise Agreement.

2. Energy Division is in agreement with Southwest's request pursuant to existing Commission practice and policy established in D.77879 and D.78025, San Diego Gas & Electric Co's franchise surcharge treatment, and recommends that Southwest's request be approved.

FINDINGS

1. Southwest Gas Corporation (Southwest) filed Advice Letter [AL] 547 on April 22, 1997, requesting tariff changes to reflect the contractual agreement to raise the Town of Truckee's franchise fee rate from 1% to 3%.

2. The 2% surcharge should be applicable to all customers within the limits of Truckee at a differential to the existing franchise fee rate, and this 2% surcharge should stay separate and not be incorporated within the base rates for Southwest's Northern California Division franchise fee factor.

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FINDINGS (Cont.)

3. The surcharge would be applicable only to bills rendered to customers residing within the limits of the Town of Truckee, and the surcharge should appear as a separate line item on customers' bills.
4. The customers affected should be notified of the increased franchise fee charges by a message on their bills.
5. Energy Division is in agreement with this procedure for handling franchise fee differentials, and recommends approval of AL 547.

THEREFORE, IT IS ORDERED that:

1. Southwest Gas Corporation's request in Advice Letter 547 requesting that the franchise fee surcharge rate on the customers of the Town of Truckee be set at 2% is approved.
2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 1, 1997. The following Commissioners approved it:


WESLEY FRANKLIN
Executive Director

P. Gregory Conlon, President
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Richard A. Bilas
Commissioners