

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

U-3 ✓

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to Executive Director

Director

Numerical File

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Accounting Officer

RESOLUTION NO. G-2413 ✓

UTILITIES DIVISION

BRANCH/SECTION: Gas

DATE: March 3, 1981

RESOLUTION

RETURN TO GAS BRANCH

SUBJECT: Federal Decontrol of Petroleum Products Prices

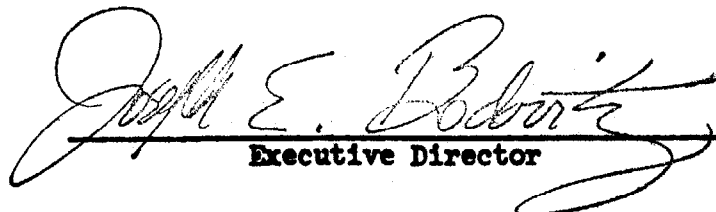
WHEREAS: President Reagan eliminated price control on all petroleum products, including propane, as of January 28, 1981, and

WHEREAS: The California legislature directed this Commission to notify it of substantial changes in federal regulation of propane, and

WHEREAS: The President's order creates a regulatory gap for piped propane systems that could impact disadvantageously upon customers of these monopoly systems.

IT IS ORDERED that: The Executive Director shall inform the Legislature of this change.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular conference of the Public Utilities Commission of the State of California, held on March 3, 1981, the following Commissioners voting favorably thereon:


Executive Director

* *

Resolution No. G-2413
Conference Date of 3-3-81
U-3

557-1938

File No.: 499

Date

Senator David Roberti
President of the Senate
Room 5122
State Capitol
Sacramento, CA 95814

Dear Senator Roberti:

Senate Bill 734, effective January 1, 1980, amended Section 221 of the Public Utilities Code to exempt propane from the definition of gas plant. Enactment of the bill resulted in the removal of all propane utilities from Commission jurisdiction.

The bill also directed the Public Utilities Commission to notify the Legislature whenever there was a substantial change in federal regulation of propane, including, but not limited to, rate deregulation. On January 28, 1981, President Reagan signed an order, effective immediately, which removed the controls on the pricing of propane.

Our latest information about the number of customers who are affected is enclosed. The names of the affected LPG companies are also shown. The competitive conditions between piped systems and bottled gas systems are indicated according to a recent staff survey.

The result of the President's action is to place California's former propane utilities in a rate deregulated situation. The decision as to whether or not these formerly regulated entities should remain unregulated is one for the Legislature's consideration.

Very truly yours,

Joseph E. Bodovitz
Executive Director

Enclosure

TWW:

LPG UTILITIES IN CALIFORNIA

I. Formerly regulated by California Public Utilities Commission.

	<u>Number of Customers</u>
1. Del Norte Gas Company	214
2. Garberville Gas Corporation	207
3. Lake County Utilities Company	108
4. McCloud Gas Company, Inc.	409
5. Petrolane-Sierra Gas Service, Inc.	267
6. Rolling Green Utilities, Inc.	130
7. Russian River Gas Company	633
8. Siskiyou Vangas	<u>1,081</u>
Total	3,049

II. Currently regulated by CPUC.

1. Southern California Edison Company (Catalina Division)	<u>1,212</u>
California Total	4,261

COMPETITION - PIPED SYSTEMS VS. TANK SYSTEMS

The level of competition ranges from no competition to very keen competition. The range of competition is dependent upon the regulatory code adopted by the governing body and the number of propane distribution companies in the area. The City of Yreka has a local ordinance that prohibits installation of propane tanks within the city limits. The City of Bishop has adopted the Uniform Fire Code, and Section 82.105 of the Code does allow installation of propane tanks. There are three competing propane distributors in the area, so competition is very keen. Unincorporated communities are under the jurisdiction of the counties, and the Uniform Fire Code is frequently adopted. The number of competing propane distributors in the unincorporated areas usually depends upon the potential gas load.