

ORIGINAL

Decision No. 76746

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA GAS COMPANY for
authority to include in its tariff
schedules for retail and resale
natural gas service a limited rate
adjustment provision for purchased
gas cost based on Federal Power
Commission Dockets Nos. RP69-20 and
RP69-27.

Application No. 51055
(Filed May 5, 1969)

OPINION AND ORDER ON PETITION FOR MODIFICATION

By its petition filed December 2, 1969, Southern California Gas Company (SoCal) seeks modification of Decision No. 76068 dated August 26, 1969 in the above entitled application. The modification is sought in order to incorporate certain changes, responsive to further orders of the Federal Power Commission (FPC) in Dockets Nos. RP69-20 and RP69-27, into the "tracking" provided for under the procedure for provisional rate increases established in Decision No. 76068.

Under that procedure the provisional rate increases by Advice Letter filings are limited in amounts and occurrence in a manner consistent with FPC orders issued in Docket No. RP69-20 on March 20, 1969, in Dockets Nos. RP69-6 and RP69-20 on June 3, 1969 and in Docket No. RP69-27 on May 9, 1969. By these orders the FPC authorized El Paso Natural Gas Company (El Paso) and Transwestern Pipeline Company (Transwestern) to increase their rates from time to time in order to track increases in their costs of purchased

gas; El Paso was authorized to adjust its rates through the period ending December 31, 1969 by up to an aggregate increase of 1.72¢ per Mcf; Transwestern was authorized to adjust its rates through the period ending December 31, 1969 by up to an aggregate increase of 1.45¢ per Mcf.

On August 18, 1969 Transwestern requested an amendment of the FPC's order of May 9, 1969 in Docket No. RP69-27 to permit the filing until December 31, 1969 of revised tariff sheets to reflect up to a net aggregate increase of 1.84¢ per Mcf rather than the 1.45¢ per Mcf provided in the order of May 9, 1969. On October 14, 1969 the FPC issued its order granting Transwestern's requested amendment and denied the protest of petitioner and its affiliates, Southern Counties Gas Company of California (SoCounties) and Pacific Lighting Service Company (PLSC).

On October 22, 1969 El Paso filed a motion with the FPC in Docket No. RP69-20 requesting modification of the March 20, 1969 order in that docket, as earlier amended by an order issued in Dockets Nos. RP69-6 and RP69-20 on June 3, 1969 and by order issued in Docket No. RP69-20 on July 28, 1969. El Paso's requested amendment seeks extension of the time limitation of December 31, 1969 imposed in the March 20, 1969 order until and including April 12, 1970, which is the end of the suspension period ordered in Docket No. RP70-11 (In Docket No. RP70-11 El Paso seeks to increase its rates by up to 4.42¢ per Mcf above the level effective on September 17, 1969.) On November 12, 1969 the FPC issued its order granting the requested amendment.

The following tabulation shows the tracking filings made by El Paso and Transwestern in relation to the maximum increases authorized by the FPC in Dockets Nos. RP69-20 and RP69-27 and summarizes the rate filings made by petitioner pursuant to the authorizations contained in Decision No. 76068.

| El Paso Rate Increases | | Transwestern Rate Increases | | Offsetting Rate Changes by SoCal | |
|--|-------------------|--------------------------------|-------------------|-------------------------------------|------------------------------|
| Effective Date | Increase c/Mcf | Effective Date | Increase c/Mcf | Effective Date | Average Increase c/Mcf |
| 5-1-69 | .10 | 6-21-69 | .14 | | |
| 7-6-69 | .17 | 7-6-69 | .11 | | |
| 7-14-69 | .40 | 7-20-69 | .53 | | |
| 7-25-69 | <u>.20</u> | | | | |
| Subtotal: | .87 | | .78 | 8-31-69 | .805 |
| 9-17-69 | .15 | 9-11-69 | .18 | 10-1-69 | .153 |
| | | 10-8-69 | <u>.14</u> | 11-1-69 | <u>(.083)*</u> |
| Total to 11-17-69: | 1.02 | | 1.10 | | .875 |
| Maximum Increase Authorized by FPC: | 1.72 | | 1.84 | | |
| Unused Remainder: | .70 | | .74 | | |

*Reductions designed to offset the net effect of Transwestern's .14¢ per Mcf tracking rate increase effective 10-8-69 and its .41¢ per Mcf rate decrease effective 11-1-69 resulting from an increase in PLSC's daily contract quantity from 640 M²cf to 750 M²cf.

In Decision No. 76068 we said "that provisional rate increases to offset the effect of actual additional El Paso and Transwestern increases are justified on the basis of test year 1969; that the increases may occur late in 1969; and that test

year 1970 should be used, even though an upturn in applicant's earning position on a rate fixing basis is not considered likely, to determine whether such provisional rate increases, if any materialize, should continue."

Petitioner has filed with this Commission a report on its results of operation for the year 1970 estimated and the Commission staff has undertaken its review thereof. It is pertinent to set forth at this point the answer of the Commission staff to the petitions of PLSC, SoCal and SoCounties for modification of Decisions Nos. 76066, 76067 and 76068.

"The staff has reviewed the petitions of December 2, 1969, filed by Pacific Lighting Service Company, Southern California Gas Company and Southern Counties Gas Company of California.

The staff has also initiated its review of the estimated results of applicants' operation for the year 1970 as set forth in Decisions Nos. 76066, 76067 and 76068. In view of the applicants' announced intention of seeking general rate increases for 1970, more extensive staff studies are planned, which cannot be completed by December 31, 1969. While the staff has not completed its review of the results of operation for 1970 it does not appear that the staff's estimated rates of return will exceed the rates of return recognized in Decisions Nos. 76066, 76067 and 76068 for the year 1969.

The staff takes no exception to the petitions of December 2, 1969, and recommends modifying and extending the authority to the extent requested. Such authority should be conditioned upon provisions assuring a full flow-through of any refunds and/or rate reductions under FPC Dockets Nos. 69-20 and 69-27. The authority should also continue on a provisional basis pending completion of the staff studies which will be served upon appearances in these proceedings at the earliest practicable date."

On December 12, 1969 the foregoing answer of Commission staff to the petitions was served upon the parties of record in the consolidated proceedings in Applications Nos. 51053, 51054 and 51055.

A. 51055 ms *

By letter dated December 10, 1969, the City of Los Angeles, Department of Public Utilities and Transportation, advised the Commission that it had reviewed applicants' motions for modification of orders in Applications No. 51053, 51054, 51055 and stated that in its view the motions are not objectionable and may be granted without hearing.

Based on a careful consideration of the pleadings before us in the light of Decision No. 76068 and the record upon which it is based, we find that Decision No. 76068 should be modified to permit petitioner to follow the procedure for provisional rate increases to offset the effect of the increment of up to 0.39¢/Mcf in the maximum tracking rate increases (1.84¢/Mcf vs. 1.45¢/Mcf) which may be filed by Transwestern on or before December 31, 1969 as result of the FPC order of October 14, 1969 in Docket No. RP69-27 and to offset the effect of tracking rate increases, within the amounts presently provided for under the procedure for provisional rate increases, filed by El Paso through April 12, 1970 instead of December 31, 1969 as result of the FPC order of November 12, 1969 in Docket No. RP69-20. Petitioner will be required to make a full flow-through of rate reductions and refunds under FPC Dockets Nos. RP69-20 and RP69-27.

Good cause thus appearing,

IT IS ORDERED that Decision No. 76068 is hereby modified to incorporate into the tracking to which the procedure for provisional rate increases may be applied by Southern California Gas Company pursuant to Ordering Paragraph 3 of said Decision the following additional coverage:

- (i) The further prospective increases of up to 0.39¢ per Mcf which may be filed by Transwestern Pipeline Company as result of the FPC order of October 14, 1969 in Docket No. RP69-27; and

- (ii) An extension of the time limitation imposed by Decision No. 76068 from December 31, 1969 to and including April 12, 1970 in the case of El Paso Natural Gas Company's tracking of gas producer rate increases, consistent with the FPC order of November 12, 1969 in Docket No. RP69-20.

IT IS FURTHER ORDERED that Southern California Gas Company shall continue its practice of including under the special conditions of its rate schedules, as part of the contingent offset charges related to FPC Dockets Nos. RP69-20 and RP69-27, the rate increases placed in effect in accordance with the procedure for provisional rate increases.

The effective date of this order shall be the date hereof.

Dated at San Diego, California, this 3rd
day of FEBRUARY, 1970.

William J. Spence
President

[Signature]
[Signature]
James L. Stearns
Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.