

LR/JR \*

Decision No. 77067

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN COUNTIES GAS COMPANY OF )  
CALIFORNIA 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. 51054  
(Filed May 5, 1969)

OPINION AND ORDER ON PETITION FOR FURTHER MODIFICATION

By Decision No. 76747 dated February 3, 1970, Decision No. 76067 dated August 26, 1969 in the above entitled application was modified in light of expanded tracking authorizations by the Federal Power Commission (FPC) in Dockets Nos. RP69-20 and RP69-27 and the petition for modification filed by Southern Counties Gas Company of California (SoCounties) on December 2, 1969. The modification made incorporates into the tracking to which the procedure for provisional rate increases may be applied by SoCounties pursuant to Ordering Paragraph 3 of Decision No. 76067 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. 76067 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.

By its petition filed February 11, 1970 SoCounties seeks further modification of Decision No. 76067 in view of additional orders issued by FPC on January 13, 1970 and February 6, 1970 in Docket No. RP69-27. The further modification would permit petitioner to follow the procedure for provisional rate increases with a commensurate increase in its tracking coverage to offset the effect, other than that on price of California-source gas, of additional tracking rate increases filed by Transwestern on or before June 16, 1970 under authority granted by FPC in Docket No. RP69-27. In that docket the maximum level of tracking rate increases has been increased from 1.84¢/Mcf to 5.54¢/Mcf (4.08¢/Mcf above December 31, 1969 rate level) and the time limitation imposed for their filing has been extended from December 31, 1969 to June 16, 1970. Exclusive of price effects on California-source gas purchased by SoCounties' affiliate, Pacific Lighting Service Company (PLSC), SoCounties' remaining exposure related to Docket No. RP69-27 is to increased gas purchase costs (under PLSC's cost of service tariff) up to an additional 4.08¢/Mcf for gas from the Transwestern source if, and to the extent that, Transwestern makes such filings on or before June 16, 1970.

The FPC Order of January 13, 1970 in Docket No. RP69-27 was accompanied by a companion order in Docket No. RP70-19 concerning portions of Transwestern's total potential tracking of up to 5.54¢/Mcf for which filings are not made in Docket No. RP69-27 through June 16, 1970. Within the 5.54¢/Mcf ceiling additional filings after that date may be made on or before December 31, 1970 in Docket No. RP70-19.

The relief the petitioner seeks herein is limited to any tracking filings made by Transwestern under the recently expanded authority granted Transwestern in Docket No. RP69-27. Petitioner is seeking authority in its Application No. 51568, filed December 19, 1969, to reflect in its rates the increases in its cost of purchased gas resulting from any Transwestern tracking filings made in Docket No. RP70-19.

On February 26, 1970, the following answer of Commission staff to the petitions of Southern California Gas Company and Southern Counties Gas Company of California for further modification of Decisions Nos. 76067 and 76068 was served upon all parties of record in this proceeding.

The staff has reviewed the petitions of February 11, 1970, filed by Southern California Gas Company and Southern Counties Gas Company of California.

The staff has also initiated its review of the estimated results of applicant's operation for the year 1970 as set forth in Decisions Nos. 76067 and 76068. In view of the applicants' announced intention of seeking general rate increases for 1970, more extensive staff studies were made, which were completed February 20, 1970. While the staff has completed its review of the results of operation for 1970 it does not appear that the staff's estimated rates of return exceed the maximum rates of return recognized in Decisions Nos. 76067 and 76068 for the year 1969. Such comparisons are shown in the following tabulation:

Test Year - Rates of Return

Utility	:Zone of Reasonableness:		
	: 1969	: 1969	:
	:D-76067 &	:D-76068 &	: 1970
	: D-75428	: D-75429	: Staff
Southern California Gas Company	-	6.76%-6.96%	6.90%
Southern Counties Gas Co. of Calif.	6.63%-6.86%	-	6.48%

The staff takes note that the proposed increases do not include increased California gas costs. Since the California gas costs are a contested issue in Applications Nos. 51567 and 51568 the proper level of California gas costs for rate-making should be decided in those proceedings.

The staff takes no exception to the petitions of February 11, 1970, 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. RP69-20 and RP69-27.

The Commission finds that the petition should be granted subject to the usual requirements of full flow-through of any refunds and/or rate reductions under FPC Dockets Nos. RP69-20 and RP69-27.

Therefore,

IT IS ORDERED that Decision No. 76067 is hereby further modified to authorize Southern Counties Gas Company of California to file such revised tariff schedules with changes in rates, charges and conditions as result through its following the procedure for provisional rate increases set forth in the opinion portion of Decision No. 76067, reflecting only an increase in the maximum net aggregate increase in the cost of gas purchased by PLSC from 1.46¢ to 5.54¢ per Mcf and an extension of the time limitation imposed therein from December 31, 1969 to June 16, 1970.

IT IS FURTHER ORDERED that Southern Counties Gas Company of California 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 Francisco, California, this 14th  
day of APRIL, 1970.

William Seymour, Jr.  
President  
Angata

James L. Sturgeon  
Commissioners

Commissioner J. P. Vukasin, Jr., being  
necessarily absent. Did not participate  
in the disposition of this proceeding.