

Decision No. 79562**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of

SAN DIEGO GAS & ELECTRIC COMPANY for authority, among other things (a) to offset increased fuel oil costs; (b) to increase its rates and charges for electric service; (c) to include in its tariffs a Fuel Adjustment Clause; and (d) to add, modify or withdraw certain tariff schedules.

Application No. 52800
(Filed August 10, 1971)

OPINION AND ORDER DENYING REHEARING
AND STAY OF DECISION NO. 79366

The City of San Diego (City) and the Department of Defense and Other Executive Agencies of the United States of America (Government) have filed separate petitions for rehearing and stay of Decision No. 79366 in the above-entitled proceeding. Among the grounds for rehearing alleged in each petition is the assertion that Finding No. 1 set forth in Decision No. 79366 is not supported by the evidence in the record insofar as reference therein is made to the fact that "by Decision No. 77581, dated August 4, 1970 in Application No. 51674, the Commission found that a rate of return between 7.4 and 7.6 percent was reasonable.". Petitioners contend that this range of rates of return is applicable only to San Diego Gas & Electric Company's (S.D.G.&E.) Gas Department, inasmuch as Application No. 51674 was a proceeding dealing only with an application for increased rates for gas service. It is further argued by

petitioners that the said range of rates of return cannot be used as a benchmark for determination of the increased electric rates authorized S.D.G.&E. in Decision No. 79366.

Finding No. 5 in Decision No. 77581 states:

"5. A range of 7.4 to 7.6 percent rate of return for the future is reasonable, and a rate of return of 7.5 percent is reasonable for the test year 1970. Such rate of return on rate base will produce estimated yield on common equity of 10.75 percent."

It is immediately apparent that by reference to the above language alone the stated range of rates of return was not confined to the Gas Department. On the contrary, no differentiation between the Gas and Electric Departments in terms of rate of return is revealed in the findings set forth in Decision No. 77581.

As a matter of interpretation of Finding No. 5 in Decision No. 77581, the Commission is of the opinion that the range of rates of return there found to be reasonable for the future apply to the combined gas, electric, and steam operations of S.D.G.&E. and therefore are appropriate for use in determining the reasonableness of the increased rates authorized by Decision No. 79366. No other interpretation is consistent with the statement also contained in Finding No. 5 of Decision No. 77581 that "[S]aid rate of return on rate base will produce estimated yield on common equity of 10.75 percent." The common equity is that of the entire utility company.^{1/}

Accordingly, the Commission adheres to its determination in Decision No. 79366 that the range of rates of return found reasonable in Decision No. 77581 is appropriate for use in fixing the increased rates for electric service authorized in Decision No. 79366.

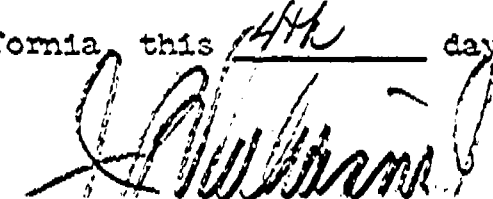
^{1/} Exhibit Nos. 3, 12, and 13, particularly Table 24 of Exhibit No. 12, which are of record in Application No. 51674, show that consideration was given to the combined operations of the Company in determining a reasonable rate of return.

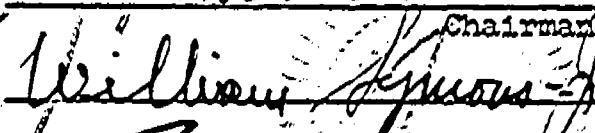
Having considered each and every allegation set forth in City's and Government's petitions for rehearing and stay of Decision No. 79366, and being of the opinion that good cause for rehearing and stay have not been made to appear,


IT IS ORDERED that the petitions for rehearing and stay of Decision No. 79366 are denied.

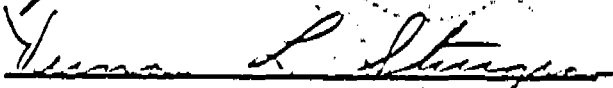
The effective date of Decision No. 79366 shall be the date hereof.


Dated at San Francisco, California, this 4th day of JANUARY, 1972.



Chairman








Commissioners