

Decision No. 82395

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SOUTHERN CALIFORNIA GAS COMPANY
for (A) a General Increase in Its
Gas Rates, (B) for Authority Either
to Include a Purchased Gas Adjust-
ment Provision in Its Tariffs or to
Implement an Enlarged Advice Letter
Procedure for Reflecting in Its
Rates Changes in Purchased Gas Cost,
(C) for Authority to Modify the
Service Agreements Under Schedules
G-58, G-58A and G-61, and (D) for
Authority to Consolidate and Other-
wise Modify Certain of Its Tariff
Schedules.

Application No. 52696
(Filed June 18, 1971)

Petition to Modify the
Orders Contained in
Decisions Nos. 80430
and 81900.
(Filed December 7, 1973)

O P I N I O N

Applicant's petition for modification seeks authoriza-
tion to extend its authorization for tracking supplier purchase
gas cost adjustments beyond the present December 31, 1973 expira-
tion date. Decision No. 80430 dated August 29, 1972 authorized
applicant to use a tracking and Advice Letter procedure through
December 31, 1973 to offset changes in gas costs, based on test
year 1972, arising from Federal Power Commission (FPC) tracking
procedures. Decision No. 81900 modified the tracking increases
so as to be based on test year 1974 gas purchase and sales volumes
rather than the previously authorized 1972 test year volumes.

Findings 4 and 5 in Decision No. 81900 are:

"4. Modifications in actual gas deliveries
can result in applicant's recovering more or less
revenue than the increase in its expenses caused by
the purchased gas adjustment clause increases in
FPC Dockets Nos. RP 72-155 and RP 72-128. In the

event that the charges based upon the revisions to Exhibit C in Decision No. 30430 authorized herein exceed costs incurred it would be appropriate to refund the net overcharges. The order herein will contain reporting requirements and provision for making such refunds, if necessary.

"5. The results of operation reports prepared by applicant and the Commission staff in Application No. 53797 show that the rate of return at present rates is below that authorized in Decision No. 30430. To the extent that the rate of return on a temperature adjusted basis exceeds that last found reasonable the purchased gas adjustment clause increases authorized herein should be reduced, to adjust rate of return to the authorized level, up to the amount of the tracking authorizations."

Applicant requests that pending a decision in Application No. 53797 with respect to authorizing a Purchased Gas Adjustment provision in its tariffs that it be granted authority to continue to track FPC tracking increases after December 31, 1973 by modification of ordering paragraph 2 in Decision No. 30430 and ordering paragraph 2 of Decision No. 81900. Applicant stated that it anticipates additional filings will be made with the FPC by its out-of-state suppliers covering adjustments in purchased gas costs. Applicant alleges that the extension of the tracking procedure will only allow it to maintain the earnings position it would have experienced if not for the increases in gas costs. Applicant request that the relief sought be granted without hearing.

At the time applicant requested the test year change for tracking purposes it anticipated tracking purchased gas adjustment clause increases in FPC Dockets Nos. RP 72-155 and RP 72-128 and it had authorization to track changes in other FPC dockets through December 31, 1973. Since actual gas deliveries can result in applicant recovering more or less revenue than the increase in

its expenses caused by authorized tracking increases (which includes purchased gas adjustment clause increases) and since the tracking increases may result in a higher than authorized rate of return in all of the dockets under which tracking occurs it would be appropriate to extend the reporting requirement and potential refund provision to all FPC tracking dockets.

Findings

1. We have previously authorized applicant to track changes in tracking charges resulting from filings made by its suppliers so as to enable it to maintain the earnings position that it would have experienced were it not for these increases in gas costs. In FPC Dockets Nos. RP 72-155 and RP 72-128 we required reporting requirements and provisions for making refunds, if necessary, in the event that the authorized tracking increases yielded an excess of revenues over costs related to the tracking or yielded a rate of return in excess of that authorized in Decision No. 80430.

2. Modifications in actual gas deliveries can result in applicant's recovering more or less revenue than the increase in its expenses caused by tracking increases in all applicable FPC dockets. In the event that the increases tracked under the various dockets authorized herein exceed costs incurred it would be appropriate to refund the net overcharges. The order herein will contain reporting requirements and provision of making such refunds, if necessary.

3. The results of operation studies prepared by applicant and the Commission staff in Application No. 53797 show that the rate of return at present rates is below that authorized in Decision No. 80430. To the extent that the rate of return on a temperature adjusted basis exceeds that last found reasonable the tracking increases authorized herein should be reduced to adjust the rate of return to the authorized level, up to the amount of the tracking authorizations.

4. A public hearing is not necessary.

Conclusions of Law

Based on the foregoing findings the Commission concludes that:

1. Applicant should be granted authority sought in its petition for modification of Decisions Nos. 80430 and 81900, to the extent and under the conditions set forth in the order which follows, providing that the tracking increases will not result in a rate of return in excess of that previously authorized and that the tracking increases will not result in an increase in applicant's net revenues.

2. Applicant should file recorded and temperature adjusted results of operation reports to enable this Commission to ascertain that any tracking increases authorized herein will not result in an excessive rate of return nor in an increase in net revenues.

O R D E R

IT IS ORDERED that:

1. Southern California Gas Company is authorized to file with this Commission revised tariff schedules increasing the regular commodity rate in all rate schedules, except G-30, by a uniform cents per therm or thermal unit, through and including the effective date of an order in Application No. 53797 deciding whether or not a Purchased Gas Adjustment provision should be included in applicant's tariffs. The revised schedule shall be based upon the revisions to Ordering Paragraph 2 in Decision No. 80430 authorized by Decision No. 81900, so as to track changes in tracking charges resulting from filings by its suppliers, El Paso Natural Gas Company, and Transwestern Pipeline Company. Such filing(s) should include in Section E.4.c. of the Preliminary Statement the amounts of increase in cents per therm or thermal unit as contingent offset charges in

these dockets. Such filings shall comply with General Order No. 96-A. The effective date of the revised schedules shall be fifteen days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. Southern California Gas Company shall pass on to its customers by the Advice Letter procedure any reduced rates, and refund to its customers any refunds from El Paso Natural Gas Company or Transwestern Pipeline Company pursuant to order of the Federal Power Commission.

3. Southern California Gas Company shall supply its calculations of increased revenues and increased expenses arising out of the rate increases authorized herein up to the effective date of an order in Application No. 53797 deciding whether or not a Purchased Gas Adjustment provision should be included in applicant's tariffs with its File No. 074 report. Any excess of charges over increases in expenses arising out of these offset increases in Federal Power Commission dockets shall be accumulated and refunded within ninety days after the effective date of that order. To the extent that the rate of return for the temperature adjusted results of operation report for the period of this authorization exceeds the authorized rate of return, refunds of gross revenues

in excess of amounts required to realize the authorized rate of return shall be made. The upper limit of such potential refunds shall not exceed the increases authorized herein.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29th
JANUARY
day of _____, 1974.

William L. Spang
President
William Spang Jr.

[Signature]
[Signature]
Commissioners

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