

**ORIGINAL**

Decision No. 84119

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND  
ELECTRIC COMPANY for authority  
to revise its tariff for natural  
gas service to offset increases  
in expense caused by increases in  
the price of natural gas from the  
El Paso Natural Gas Company.  
(Gas)

Application No. 52335

Petition for Further  
Modification of Order  
Contained in Decision  
No. 78468

(Filed December 31, 1974)

O P I N I O N

By this petition Pacific Gas and Electric Company (PG&E) requests (1) that its existing authorization to offset certain tracking changes in its cost of natural gas purchased from El Paso Natural Gas Company (El Paso) be extended until the date PG&E is authorized a purchased gas adjustment procedure (PGA), (2) that its existing authorization be extended to include gas cost increases resulting from Federal Power Commission (FPC) authorized increases in overriding royalty expenses to El Paso in FPC Dockets Nos. RP74-22 or RP74-57, (3) that the current 15-day notice period for advice letter filings be reduced to 10 days, and (4) that the tracking increases hereafter be made applicable to air conditioning rates.

In Decision No. 78468 dated March 23, 1971 (Applications Nos. 52335 and 51686), the Commission authorized PG&E to track El Paso's tracking increases through December 31, 1971, to parallel authority granted to El Paso by the FPC in Docket No. RP71-13. In Decision No. 79383 dated November 23, 1971, the Commission modified Decision No. 78468 to extend the tracking authorization to December 31, 1972. In Decision No. 81332 dated May 1, 1973, the Commission authorized PG&E to extend its tracking authority to December 31, 1973, and to include gas cost revisions resulting from El Paso's PGA procedure which was established in accordance with FPC Orders Nos. 452 and 452-A issued April 14, 1972, and June 13, 1972,

respectively, in FPC Docket No. R-406 and July 31, 1972, in FPC Dockets Nos. RP72-150 and 155, except that El Paso's FPC authorized purchased gas cost adjustment procedure has no termination date. In Decision No. 82477 dated February 13, 1974, the Commission authorized PG&E to extend its tracking authority to December 31, 1974.

All other large gas utilities, except Southwest Gas Corporation<sup>1/</sup>, have received authorization to include PGA procedures in their filed tariffs. PG&E indicated that it will shortly file an application with this Commission for such authority. The authorized PGA procedure requires, among other things, that a Commission Resolution be issued before a gas tracking increase can become effective, and a 30-day notice period. PG&E agrees that the effect of merely extending the present tracking authorization of PG&E results in indefensible differences in regulatory scrutiny and noticing requirements for PG&E in contrast to the other gas utilities for tracking the same El Paso purchased gas cost increases.

The requirement that tracking increases shall not be effective until authorized by Resolution of the Commission is responsive to requests by interested parties that they be provided with adequate notice and will conform to the requirements imposed by A.B. 4253, Chapter 1539, Statute and Code Amendments 1973-1974 Regular Session.

The need for a Resolution and additional notice requires a longer notice period than the 15-day notice period required under prior tracking authorization. The request of PG&E that the notice period be shortened to 10 days will not provide sufficient time for adequate staff review and is unreasonable. The 30-day notice period now required under other authorized PGA procedures provides reasonable notice and will place PG&E under conditions similar to those required of other gas utilities requesting offsets of El Paso gas tracking increases.

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<sup>1/</sup> Southwest Gas Corporation requested authorization of the PGA procedure in Application No. 54807.

PG&E seeks to extend the tracking authority to include anticipated FPC authorization of overriding royalty payments by El Paso in FPC Dockets Nos. RP74-22 and RP74-57. Such royalty payments would result in increased costs of gas to El Paso which El Paso will recover by increased charges and would therefore be appropriate for PG&E to recover under tracking provisions.

PG&E also requests that tracking increases be made - applicable to air conditioning rates. It is reasonable to grant such authority to discourage incentive pricing in view of the current critical gas supply situation.

#### Findings

1. PG&E has previously been authorized to offset changes in its cost of gas attributable to tracking gas changes of El Paso.
2. Such tracking authority expired on December 31, 1974.
3. The tracking authority should be extended until such time as PG&E is authorized a PGA procedure but not beyond December 31, 1975.
4. The tracking authority should include gas cost changes to El Paso resulting from FPC orders in FPC Dockets Nos. RP74-22 and RP74-57 in connection with overriding royalties.
5. The tracking authority should be modified to the extent that a Resolution would be required before the tracking filings could become effective.
6. The 15-day notice period formerly required for advice letter filings should be extended to 30 days.
7. The tracking filings should be applicable to air conditioning rates.
8. The resulting tracking increases will not increase the level of earnings of PG&E, but will merely offset increases in the cost of gas purchased from El Paso.
9. A public hearing is not necessary.

Conclusion of Law

Based on the foregoing findings the Commission concludes that PG&E should be granted the authority sought in its petition for modification of Decision No. 78468 to the extent and under the conditions set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. Paragraph 3c (a) of Decision No. 78468, as modified by Decisions Nos. 79383, 81322, and 82477 pertaining to adjustments in Pacific Gas and Electric Company's rates occasioned by rate changes filed by El Paso Natural Gas Company is modified to:

- a. Provide that the authority be extended until PG&E receives PGA authorization but not beyond December 31, 1975.
- b. Include tracking filings resulting from gas cost increases to El Paso authorized by the FPC in Dockets Nos. RP74-22 and RP74-57, for overriding royalties.
- c. Require Commission Resolution before becoming effective.
- d. Require a 30-day notice period.

2. In all other respects, Decision No. 78468 remains in full force and effect.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 19th  
day of FEBRUARY, 1975.

*I abstain.*  
*Leonard Ross* Commissioner

*Vernon L. Stevenson*  
President  
*William J. Synovis Jr.*  
*[Signature]*

Commissioners