

ORIGINAL

Decision No. 84700

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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| In the Matter of Advice Letter No. 916) | |
| of SOUTHERN CALIFORNIA GAS COMPANY to) | |
| Increase Revenues to Offset Higher Gas) | Application No. 55676 |
| Costs Resulting from Increases in the) | (Filed April 23, 1975; |
| Price of Natural Gas Purchased from) | amended May 16, 1975) |
| El Paso Natural Gas Company and) | |
| California Producers.) | |

OPINION AND ORDER DENYING
REHEARING AND GRANTING
PARTIAL STAY

In Decision No. 84569 issued June 17, 1975, the Commission authorized Southern California Gas Company (SoCal) to increase its rates to offset increased purchased gas costs from its supplier El Paso Natural Gas Company (El Paso). The cities of Los Angeles, Bellflower, and San Diego have filed a joint petition for rehearing and stay of our order. The cities argue that the increase is excessive because no rate adjustment was made for revenue benefits which SoCal will receive from the increased investment tax credit allowed in the Tax Reduction Act of 1975. They argue further that no part of the increase should be paid by residential consumers for any period of time.

We reject these arguments and will deny the petition for rehearing. We stated in Decision No. 84569 that the effect of the investment tax credit on utilities under our jurisdiction was the subject of a separate investigation in Case No. 9915. It would not have been possible to make rate adjustments prior to a determination in that case or an election by SoCal pursuant to Section 301 of the Tax Reduction Act of 1975. However, that election has now been made and we will proceed to make a determination on the rate effect of that election in further proceedings herein.

Petitioners object to the imposition of this rate increase on residential customers for a period of ninety (90) days until September 16, 1975. We have determined that this rate increase should be placed on nonresidential customers. However, a period of ninety (90) days is required to allow SoCal to change its billing system to implement the rate spread we have ordered.

Petitioners note that we have failed to place a refund obligation on SoCal pending our determination on the investment tax credit issue. We have made this rate increase subject to refund pending final FPC action on El Paso's rate application and we will extend this refund obligation to cover the investment tax credit issue. This is a reasonable course of action which will protect consumers and it is consistent with the refund obligation placed on SoCal in its last offset proceeding, Decision No. 84291, issued April 1, 1975.

THEREFORE IT IS ORDERED that:

1. The petition by the cities of Los Angeles, Bellflower, and San Diego for rehearing of Decision No. 84569 is hereby denied.

2. The rate increase granted in Decision No. 84569 shall be made subject to refund as follows: All sums collected by Southern California Gas Company pursuant to the Interim Order in Decision No. 84569 and collected subsequent to the date of this order shall be subject to refund in whole or in part should the Commission determine that Southern California Gas Company has a reduced revenue requirement resulting from its investment tax credit election under the Tax Reduction Act of 1975.

3. Further hearings shall be held to determine the rate impact, if any, resulting from Southern California Gas Company's election under the Tax Reduction Act of 1975, and whether the rates of Southern California Gas Company should be adjusted in any way as a result of said election. ✓


4. Said hearings shall be heard before such Commissioner and/or Examiner and at such time and place as may hereafter be designated.

The Secretary is directed to cause appropriate notice of the hearings ordered hereinabove to be mailed at least ten (10) days before such rehearing.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 22nd day of July, 1975.

*I concur in ordering
paragraph 1 and
dissent in the remainder
of the order*
Vernon L. Sturgeon


President


Leonard


Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.