

Decision No. 85467

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 to increase its rates and  
charges for electric service to offset  
the effects of increased labor costs.

)  
Application No. 55403  
(Filed December 20, 1974)

In the Matter of the Application of  
SAN DIEGO GAS & ELECTRIC COMPANY for  
authority to increase its rates and  
charges for natural gas service to  
offset the effects of increased labor  
costs.

)  
Application No. 55404  
(Filed December 20, 1974)

In the Matter of the Application of  
SAN DIEGO GAS & ELECTRIC COMPANY for  
authority to increase its rates and  
charges for steam service to offset  
the effects of increased labor costs.

)  
Application No. 55405  
(Filed December 20, 1974)

(Appearances listed in Appendix A)

OPINION AFTER RECONSIDERATION

By Decision No. 84851 dated August 26, 1975 the Commission granted rehearing of Decision No. 84617 dated July 1, 1975. Rehearing was granted to give San Diego Gas & Electric Company (SDG&E) an opportunity to present evidence of its estimated 1975 results of operations.

On November 14, 1975 SDG&E filed information and data specified by the Commission in Decision No. 84851. Section 4 of this submittal was changed by SDG&E's letter dated November 17, 1975. SDG&E requests that its submitted material be treated as

a late-filed exhibit and the case on rehearing be submitted without further hearing. SDG&E distributed its material to all parties of record.

SDG&E's Information and Data

The information and data offered by SDG&E dated November 14, 1975 is described as follows:

- Section 1: Estimated 1975 results of operations, including forecasts of sales for 1975.
- Section 2: Measures taken to reduce controllable expenses and the effect of such measures.
- Section 3: Reasonableness of granting the same percentage wage increase to non-union employees as were negotiated for union employees.
- Section 4: Impact of the company's election under the Tax Reduction Act of 1975.

SDG&E states that its submittal provides the material described in Decision No. 84851, and requests that the matter be submitted without further hearing.

Commission Staff Position

The Commission staff counsel filed an alternative motion to dismiss these applications on August 29, 1975. The staff position is that since SDG&E's increased labor costs were incorporated in SDG&E's request for interim rate relief in Applications Nos. 55627, 55628, and 55629, the requests for rate increases to offset increased labor costs are moot. The staff pointed out that interim rate relief was under submission on August 11, 1975.

By letter dated November 25, 1975 the staff subsequently affirmed its position that the Commission should dismiss these wage offset applications. Staff counsel submits that SDG&E has received interim rate increases by Decision No. 85018 dated October 15, 1975 in Applications Nos. 55627, 55628, and 55629 filed April 16, 1975.

The staff is opposed to submission on the SDG&E material.

The City of San Diego

The City of San Diego filed an alternative motion to dismiss these applications on September 8, 1975. The city's motion supported the staff position that pending interim rate relief incorporated SDG&E's request to offset the effects of increased labor costs. The city urged as a further reason for dismissal the claim that SDG&E was currently experiencing an upward trend in sales.

The city, by letter dated November 21, 1975, objected to the submission of the matter without further hearing and objected to receipt of SDG&E's report in evidence. The city also contends that the 1975 earnings relied upon by SDG&E fail to show how much of numerous rate increases are included in the projections.

Discussion

The staff and city contend that since Decision No. 85018 dated October 15, 1975 granted interim rate increases, based on SDG&E's 1975 revenue and expense estimates, these wage offset matters are moot. The expense estimates in that decision included the increased labor costs presented in these offset applications.

The response of SDG&E to this claim is not entirely clear. SDG&E filed its answer to the alternative motions on September 12, 1975. This answer does not dispute the contention that the increased labor costs were included in the 1975 expenses presented in the interim rate relief proceeding. SDG&E's answer states that to the extent the Commission granted relief in the wage offset proceeding the requested interim rate relief could be reduced. Conversely, to the extent authorized interim rate increases are based on estimates which include the higher labor costs presented in the applications herein, SDG&E's authorized rates must include such higher costs. SDG&E apparently would concede that interim rate relief included recognition of the increased labor costs involved herein only if it received interim rate relief in the amount it requested (SDG&E's Answer to Alternative Motions, filed September 12, 1975, p. 4).

Decision No. 85018 dated October 15, 1975 authorized rates based on the higher labor costs of 1975. This Commission will not charge the SDG&E ratepayers a second time for such labor costs.

Findings

1. Decision No. 85018 dated October 15, 1975 in Applications Nos. 55627, 55628, and 55629 filed April 16, 1975 granted interim rate increases to SDG&E.

2. The interim rate increases granted by Decision No. 85018 were based on 1975 expense estimates which included the increased labor costs which SDG&E seeks to offset by increased rates and charges in Applications Nos. 55403, 55404, and 55405.

Conclusion

The motion to dismiss should be granted.

O R D E R

IT IS ORDERED that Applications Nos. 55403, 55404, and 55405 are dismissed.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California,  
this 18<sup>th</sup> day of FEBRUARY, 1976.

~~Donald~~  
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President  
William Spitzer, Jr.  
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General Counsel  
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Commissioners

APPENDIX A

LIST OF APPEARANCES

Applicant: Chickering & Gregory, by Sherman Chickering, C. Hayden Ames, Allan Thompson, and David Lawson, III, Attorneys at Law; Gordon Pearce, Attorney at Law, and John H. Woy.

Interested Parties: John W. Witt, City Attorney, by William S. Shaffran and Ronald L. Johnson, Attorneys at Law, and Manley W. Edwards, for the City of San Diego; Brobeck, Phleger & Harrison, by Thomas G. Wood and Gordon E. Davis, Attorneys at Law, for California Manufacturers Association; and William Knecht and William Edwards, Attorneys at Law, for California Farm Bureau Federation.

Commission Staff: Elinore C. Morgan and Patrick J. Power, Attorneys at Law, and John E. Johnson and John Gibbons.