

Decision No. 86425

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Advice Letter No. 987
of SOUTHERN CALIFORNIA GAS COMPANY to
Increase Revenues to Offset Higher Gas
Costs Resulting from Increases in the
Price of Natural Gas Purchased from
TRANSWESTERN PIPELINE COMPANY and
CALIFORNIA PRODUCERS; to Increase
Revenues to Offset Higher Gas Cost
Resulting from Increases in the Price
of Natural Gas Purchased from EL PASO
NATURAL GAS COMPANY and CALIFORNIA
PRODUCERS and to Modify its Purchased
Gas Adjustment Procedure.

Application No. 56540
(Filed June 9, 1976)

ORDER EXTENDING TIME

By Decision No. 86048, dated June 29, 1976, following a public hearing, Southern California Gas Company (SoCal) was granted authority to increase rates to offset gas cost increases by its out-of-state suppliers, effective August 1, 1976. Ordering Paragraph 4 of that decision stated in part:

"The tariff schedules filed pertaining to the increase in rates shall apply only to service rendered on and after the effective date thereof, and shall be effective through the month of September 1976 only."

The basis for limiting the increased rates through the month of September was in anticipation that under its purchased gas adjustment (PGA) procedure SoCal would be filing by September 1 for a change in its rates to become effective October 1, 1976.

On August 31, 1976, SoCal filed a petition requesting an extension of time to permit it to continue receiving PGA amounts pursuant to existing PGA procedures until October 27, 1976, for the following reasons:

Subsequent to Decision No. 86048, the Federal Power Commission (FPC) issued Opinion No. 770 on July 27, 1976, allowing increases in the wellhead rate for gas sold under contracts dated subsequent to January 1, 1973. Also, the FPC permitted interstate pipelines to track these increases pursuant to a special PGA filing to be filed on or before September 27, 1976, and to be made effective on October 27, 1976. Therefore, in addition to the regular PGA filings to be effective October 1, 1976, SoCal's three interstate suppliers, El Paso Natural Gas Company (El Paso), Transwestern Pipeline Company (Transwestern) and Pacific Interstate Company (Pacific Interstate), will be allowed to reflect producer increases effective October 27, 1976.

By letter dated August 23, 1976, El Paso, as an accommodation to its customers, filed an alternative proposal with the FPC requesting authority to defer its regular PGA filing to be effective concurrently with its special PGA filing authorized by Opinion No. 770.

Transwestern, conversely, by letter dated August 17, 1976, submitted its regular PGA filing to become effective on October 1, 1976, and presumably will submit the Opinion No. 770 filing on or before September 27, 1976, to become effective one month later. The October 1 increase proposed by Transwestern amounts to 0.31¢ per decatherm. The resultant impact on SoCal until October 27 is minor.

Pacific Interstate, SoCal's other interstate supplier, will also make dual PGA filings. Due to its extremely small sales volumes, the impact from Pacific Interstate on SoCal is minor.

Since El Paso has requested to defer its PGA change to October 27, 1976, and the impact on SoCal of the Transwestern and Pacific Interstate rate changes effective October 1, 1976, is minimal, it is reasonable to relieve SoCal of the necessity for a PGA filing to be effective October 1, 1976.

The interests of SoCal's customers are protected since SoCal's present PGA procedure provides for any over- or under-collections to be accounted for in a balancing account, as authorized by this Commission in Decision No. 86048 and now set forth in SoCal's filed Rule 2(n), and El Paso has agreed to credit its customers with the full benefit of deferring any rate reduction from October 1, 1976 to October 27, 1976.

Because of the foregoing, no hearing on this request is necessary. However, SoCal must present its request for rate relief in timely fashion to offset the supplier increases planned for October 1 and 27, 1976. Such filing will not be expected before September 27, 1976, the date by which the suppliers themselves must submit their proposals to the FPC for an effective date of October 27, 1976.

Findings

1. By FPC Opinion No. 770, SoCal's three out-of-state suppliers are authorized to increase rates on October 27, 1976, to reflect producer increases filed by September 27, 1976.

2. El Paso has requested FPC authorization to defer the regularly scheduled effective date of its October 1, 1976, PGA to coincide with the Opinion No. 770 increase to be effective on October 27, 1976.

3. Transwestern and Pacific Interstate, SoCal's other two suppliers, have elected to make their regular PGA filings (for October 1) and the special PGA filing (for October 27).

4. The estimated impact from the Transwestern and Pacific Interstate October 1 PGA filing is minor.

5. SoCal should be relieved of the added administrative burden of an extra PGA filing since the time interval before another PGA may be effective is short.

6. SoCal's PGA provides for the accounting of over- and under-collections reflecting prior recorded periods.

7. The deferral of SoCal's previously expected PGA rate change from October 1, 1976 to October 27, 1976 is reasonable.

8. For the reasons set forth above, a public hearing on this request for a time extension is not necessary.

9. SoCal's present rates are not authorized to extend beyond September 30, 1976; therefore, this order should be effective as of the date it is signed.

The Commission concludes that the request for time extension of the existing PGA should be granted to the extent set forth in the ensuing order.

O R D E R

IT IS ORDERED that:

1. The PGA presently contained in SoCal's tariff schedules, and filed pursuant to Ordering Paragraph 4 of Decision No. 86048, be extended beyond September 30, 1976 through October 26, 1976.

2. Any over- or under-collections resulting from the extension authorized by Ordering Paragraph 1 herein shall be recorded in SoCal's PGA balancing account and accounted for as prescribed in its Rule 2(n).

3. In the event that the FPC does not accept El Paso's proposal to defer its regular October 1, 1976, PGA filing to October 27, or should Opinion No. 770 subsequently be modified in a manner which substantially defers the rate effectiveness of that Opinion, SoCal shall promptly submit a PGA filing to reflect the then effective supplier rate levels.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 21st day of SEPTEMBER, 1976.

President
William Lyons

Stephen L. Shingler

Robert D. Bismail

Commissioners

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.