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ORIGINAL

Decision 88-05-069 MAY 25 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation)
on the Commission's motion into)
implementing a rate design for)
unbundled gas utility services)
consistent with policies adopted)
in Decision 86-03-057.)

I.86-06-005
(Filed June 5, 1986)

And Related Matters.)

R.86-06-006
(Filed June 5, 1986)

ORDER DENYING PETITIONS OF CMA AND CLFP
FOR MODIFICATION OF DECISION 87-12-039

The California Manufacturers Association (CMA) and the California League of Food Processors (CLFP) have filed petitions for modification of Decision (D.) 87-12-039, requesting that the implementation date of the new natural gas rate design program be extended beyond the May 1, 1988 date established by that decision. CMA requests a 30- to 60-day extension to allow for an orderly completion of negotiations. CLFP requests that default status not be imposed on food processors until October 31, 1988 at the earliest, and that the current interim flexible-rate schedules be extended until then.

Several parties have filed responses to these petitions. The University of California supports the petitions, as does the Department of General Services. Pacific Gas and Electric Company opposes the petition of CLFP as requesting too long a delay and as being oriented too much toward one customer group; however, PG&E does not oppose the notion of some delay in implementation, and would support the shorter delay sought by CMA.

For the reasons set forth below, we deny both petitions.

We first note that we are extremely disinclined to delay implementation for just one group of customers, which, while

unclear, may be what CLFP is seeking. Aside from any due process problems which this might involve, it would most certainly upset the balance we have achieved in establishing the rate structure such that the utilities have a fair opportunity to recoup the fixed costs assigned to the noncore market.

Alternatively, delaying implementation for all customers until the end of October is unacceptable. First, this would mean that rate increases would come at the beginning of the winter heating season, when bills are beginning to go up because of increased winter usage. Secondly, the sales forecasts used to develop the allocation of costs between the core and noncore were developed with a view to a May 1 implementation date. Any significant deviation from this date might necessitate relitigation of those forecasts, thereby taking attention and resources away from the procurement issues currently under investigation.

We remind CLFP that to the extent it seeks Commission clarification of specific "ground rules" for negotiation, it is seeking inappropriate relief. A fundamental premise of our program is that for customers with service alternatives, we should not have to set detailed rules for obtaining that service. Such details are far better left to the marketplace for resolution, between the utility and the customer. It is up to the customer, not the Commission, to convince a recalcitrant utility that it has economic alternatives to the default tariff.

Finally, we are unpersuaded by arguments that the program, and particularly the default tariffs, have taken a long time to get off the ground, hence customers should be given additional time to perfect their negotiations. The major rate components of default service have been known since at least February 1 for both Pacific Gas and Electric Company and Southern California Gas Company. Customers have had since that time to determine whether default service would be economical. None of the

recent implementation decisions has modified those major components.

In sum, we will deny both parties' requests for extension of the implementation date. We see no crucial issues remaining to be resolved before turning the program over to the marketplace, nor do we see any significant disadvantage accruing to any party due to minor uncertainties which still need to be worked out.

IT IS ORDERED that the petitions for modification filed by CMA and CLFP for extension of the implementation date of our new gas rate design program are hereby denied.

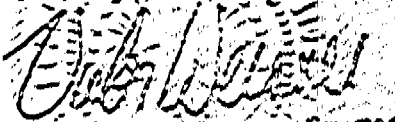
This order is effective today.

Dated MAY 25 1988, in San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Weisner, Executive Director

Decision 88 05 069 MAY 25 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's motion into implementing a rate design for unbundled gas utility services consistent with policies adopted in Decision 86-03-57.))))))	I-86-06-005
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And Related Matters.)	R.86-06-006
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