

Decision 89 03 006

MAR 8 1989

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

John Mosely, et al.,

Complainants,

vs.

Southern California Gas Company,

Defendant.

Case 88-10-050  
(Filed October 24, 1988)

ORDER OF DISMISSAL

John Mosely and 30 petitioners filed, on October 24, 1988, a complaint against Southern California Gas Company (SoCalGas). The complaint alleges that SoCalGas' rate design results in bills for complainants which are too high. The complaint asks the Commission to review the utility's residential rates, to adjust the basic ("baseline") allowance to reflect the actual gas usage of each household averaged over a "reasonable" period, and to tie the rate charged to a multiple of the actual cost of gas. In a letter attached to the complaint, Mosely expresses concern with the large differential between baseline and Tier II rates.

SoCalGas, on December 13, filed a late response and motion requesting its late response be accepted for filing. The assigned administrative law judge granted the motion for late filing on January 6, 1989.

In its response, SoCalGas affirms that Public Utilities (PU) Code § 739 bars the establishment of baseline quantities on the basis of actual usage of an individual household, as requested by complainants, and establishes seasonal baseline quantities. SoCalGas further states that the Commission issued I.88-07-009 to investigate baseline rates, and issued Decision (D.) 88-10-062 in

that proceeding addressing baseline rates and related rate issues. Accordingly, SoCalGas' answer requests dismissal of the complaint.

In 1982, the Legislature enacted the Baseline Act (Ch. 1541, Stats. 1982). That Act established baseline quantities of energy equal to 50-60% of average residential consumption by climate zone, and up to 70% of average consumption for all-electric and gas customers. The Baseline Act required baseline quantities to be priced at 75 to 85% of the system average rate.

On June 28, 1988, Governor Deukmejian signed into law SB 987 (Ch. 212, Stats. 1988). The bill declares a legislative finding that rates for gas service in excess of the baseline quantity are too high and cause extremely high residential bills during cold weather. The Legislature also declared that the Commission should have greater flexibility in pricing the baseline quantity of service, in order to protect residential ratepayers from excessive rate increases and high winter gas bills. The law required the Commission to reduce high nonbaseline (Tier II) rates by no later than November 1, 1988. It also directed the Commission not to substantially eliminate any significant differential between baseline and Tier II rates for at least 30 months after the effective date of the bill.

In response to SB 987, we issued I.88-07-009 to effect compliance with the legislation. On October 26, 1988, we issued D.88-10-062, which reduced the Tier II residential rate of SoCalGas by 8.65%. We directed that further reductions to Tier II rates should be considered in subsequent ACAP proceedings, which are to be held annually for each major gas utility.

We note that the reductions to the Tier II rate took effect shortly after the filing of this complaint case. As a result, complainants would not have observed lower Tier II rates by the date of the filing.

With regard to complainants' request that rates be established according to individual household needs, PU Code § 739

requires the establishment of baseline quantities "necessary to supply a significant portion of the reasonable energy needs of the average residential customer." We interpret the intent of this language to prohibit the establishment of rates according to individual customer usage.

Because we have considered the issues raised by complainants in a recent order, and will continue to consider them in future ACAP proceedings, we grant SoCalGas' motion to dismiss this complaint. We encourage complainants to participate in proceedings addressing the issue of SoCalGas' rate design if they so desire.

Findings of Fact

1. The Legislature enacted SB 987 which sets forth certain rate design principles addressed by complainants.
2. The Commission investigated in I.88-07-009 SoCalGas rate design, pursuant to SB 987.
3. The Commission stated, in D.88-10-062, its intent to review baseline and Tier II rates in gas utility ACAP proceedings which are held annually.
4. This complaint was filed prior to the effective date of reduced Tier II rates ordered for SoCalGas in D.88-10-062.
5. Complainants may address rate design issues in SoCalGas' ACAP proceedings.

Conclusion of Law

For the reasons set forth above, this complaint should be dismissed.

IT IS ORDERED that this complaint is dismissed without prejudice.

This order is effective today.

Dated MAR 8 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. CHANIAN  
Commissioners

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

*Victor Weiss*  
Victor Weiss, Executive Director