

L/EMY/bjk

ORIGINAL

Decision 90 05 047 MAY 4 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA GAS COMPANY)
(U 904-G) for authority to revise its)
rates effective October 1, 1989, in)
its Annual Cost Allocation Proceeding)

Application 89-04-021
(Filed April 12, 1989)

In the Matter of the Application of)
SAN DIEGO GAS & ELECTRIC COMPANY)
(U 902-G) for authority to revise its)
rates effective October 1, 1989, in)
its Annual Cost Allocation Proceeding)

Application 89-05-006
(Filed May 4, 1989)

ORDER MODIFYING DECISION 90-01-015 AND DISPOSING OF APPLICATIONS FOR REHEARING AND PETITIONS FOR MODIFICATION

The Southern California Gas Company (SoCal), the San Diego Gas and Electric Company (SDG&E), the City of Long Beach (Long Beach), Toward Utility Rate Normalization (TURN), Pacific Gas and Electric Company (PG&E), and the Southern California Utility Power Pool and Imperial Irrigation District (SCUPP/IID), have filed applications for rehearing of Decision (D.) 90-01-015, the annual cost allocation proceeding (ACAP) for the year 1989 for SoCal and SDG&E. SoCal, Long Beach, Exxon San Joaquin Production Company (Exxon) and Chevron, U.S.A. (Chevron), have filed petitions for modification of D.90-01-015.

We have reviewed each and every allegation of error raised by the applicants SoCal, SDG&E, Long Beach, TURN, PG&E, and SCUPP/IID, and have concluded that sufficient grounds for rehearing of D.90-01-015 have not been shown. We have also reviewed each and every issue raised by the petitioners SoCal, Long Beach, Exxon and Chevron, and have concluded that petitioners have not shown sufficient grounds for modification of D.90-01-015. However, upon further reflection, we have determined that the decision requires modification for reasons other than those set forth in the petitions for modification.

THEREFORE, IT IS HEREBY ORDERED that:

1. The applications for rehearing of D.90-01-015 filed by SoCal, SDG&E, Long Beach, TURN, PG&E, and SCUPP/IID are denied.
2. The petitions for modification of D.90-01-015 filed by SoCal, Long Beach, Exxon, and Chevron are denied.
3. The second full paragraph on page 8 of D.90-01-015 is modified as follows:

We will not, however, be able to reconsider the use of nonlinear models during SoCal's next ACAP. Because of the number of major gas issues we expect to have pending before the Commission in other proceedings in 1990, we intend to streamline 1990 ACAPs as much as possible. We believe that it would be inefficient and wasteful of the resources of the Commission and the parties to consider rate design issues prior to reallocation of costs based on long-run marginal cost methodology, as that reallocation will fundamentally alter the rates all parties are currently charged. Accordingly, this year's ACAPs will have to be limited to routine issues. We will not consider major changes to modeling techniques, nor will we consider major changes to existing cost allocation or rate design.

4. The following language is added to D.90-01-015 as Finding of Fact number 27a:

27a. The evidence submitted on the issue of the availability of customer-owned gas in storage was not sufficient to enable the Commission to render a decision on the issue; however, we invite the parties to submit evidence on this issue in the next ACAP so that we may review it more closely.

5. The following language is added to D.90-01-015 as Finding of Fact number 63a:

63a. SCUPP/IID has not presented us with enough evidence to make a determination now on the issue of whether metered igniter fuel volumes should be used, rather than forecasting, to bill cities which have installed igniter fuel metering equipment. We invite SCUPP/IID and other parties to

present evidence on this issue in the next ACAP.

6. The following language is added to D.90-01-015 as Finding of Fact number 116a:

116a. The forecasted throughput for SoCal and SDG&E is only a forecast; and, accordingly, for a number of reasons, there remains the possibility that the companies will transport more gas than forecasted. Therefore, it would be inaccurate to find that SoCal and SDG&E will not be able to recover more costs than the amount of the forecast.

7. The following language is added to D.90-01-015 as Finding of Fact number 116b:

116b. The higher utilization of interutility transportation offers the carriers a greater than 100 percent capacity ability. We use 98 percent of the carriers' estimated capacity in setting rates, thus, it is likely that the carriers can move more gas than forecasted.

8. The following language is added to D.90-01-015 as Finding of Fact number 160a:

160a. In order to avoid a distortion in the EOR market, we will set the EOR default rate at the average UEG rate, thereby preventing discrimination between cogeneration customers and steaming customers.

9. The reference to "PU Code §739.7" in the first sentence of Conclusion of Law number 45 of D.90-01-015 is replaced by "PU Code §739.6".

10. Conclusion of Law number 70 of D.90-01-015 is modified as follows:

70. In the absence of a special contract, it is reasonable to require that EOR customers

A.89-04-021, A.89-05-006 L/EMY/bjk

be required to pay a rate equivalent to the average UEG rate.

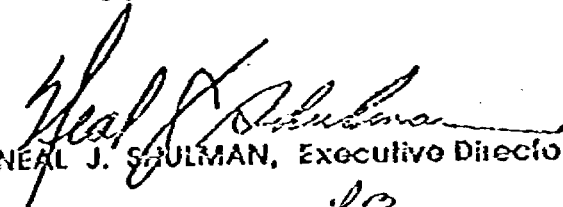
11. The Executive Director serve a copy of this order on all parties to Application No. 89-04-021 and Application No.89-05-006.

This order is effective today.

Dated: MAY 4 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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


NEAL J. SPULMAN, Executive Director