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Decision 91-04-021 April 10, 1991

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, 1990,)
in its Annual Cost Allocation)
Proceeding.)

ORIGINAL
Application 90-03-018
(Filed March 15, 1990)

OPINION

Pursuant to Rule 76.56 of the Rules of Practice and Procedure, Toward Utility Rate Normalization (TURN) petitions for an award of compensation in the amount of \$18,977 for its contributions to Decision (D.) 90-11-023 in this Southern California Gas Company (SoCal) annual cost allocation proceeding (ACAP). TURN was found eligible for compensation in D.90-11-023 (Finding 79, p. 74). TURN asserts that it made several substantial contributions primarily with respect to cost allocation and residential rate design.

A. Rejection of Edison's Proposal Regarding the SSE

Another interested party in this case, Southern California Edison Company (Edison), submitted testimony proposing that the throughput and cost allocation impacts of SoCal's Southern System Expansion (SSE) not be reflected in rates until the SSE actually went into service. Both SoCal and Division of Ratepayer Advocates (DRA) initially expressed a position of neutrality regarding the Edison proposal and declined the opportunity to cross-examine. TURN was the only party that initially took issue with Edison and questioned its witness. Based on that record and TURN's argument in brief, the Commission rejected the Edison proposal (D.90-11-023, pp. 21-22).

TURN clearly made a substantial contribution on this issue, since the Commission rejected the Edison allocation proposal for the very reasons cited by TURN. Indeed, D.90-11-023 (p. 22) quoted extensively from TURN's brief on the subject.

B. Withdrawal of Long Beach's Cost Reallocation Proposal

City of Long Beach witness Pretto initially included in his prepared testimony a proposal to reallocate the enhanced oil recovery revenue credit in a manner that would have increased SoCal's retail residential rates by \$17.5 million. TURN moved to strike that testimony on the grounds that it violated Section 739.6 of the Code as well as an explicit Commission order limiting the scope of this case. (Motion filed June 19, 1990.) At the time set for argument on the motion to strike, counsel for Long Beach voluntarily withdrew the challenged testimony (Tr. 641). TURN made a substantial contribution by insuring that this proposal, which would have been detrimental to residential ratepayers, was never considered or adopted by the Commission.

C. Allocation of Excess Elk Hills Gas Costs

As in SoCal's last ACAP, an issue arose regarding the utility's forecast that it would purchase Elk Hills gas for the core portfolio at a price in excess of both spot prices and the core Weighted Average Cost of Gas (WACOG). The last ACAP decision, D.90-01-015, deferred the issue of the reasonableness of the Elk Hills purchases and stated that SoCal could propose an allocation of any excess Elk Hill costs ultimately found reasonable (Id. at 42). TURN cross-examined SoCal's witness on this subject and discovered that the company has been recording all of its excess Elk Hills costs in the core purchased gas account (SoCal/Mason: Tr. 500-502). On that basis TURN argued, among other things, that any party should be allowed to propose, in the reasonableness review, an allocation of any excess Elk Hills cost deemed reasonable by the CPUC.

D.90-11-023 adopted TURN's recommendation (pp. 13-14 and Conclusion of Law 2, p. 74), specifically ruling that any party could propose an allocation of Elk Hills costs in the appropriate proceeding (Id. at 14).

D. Residential Rate Design

SoCal's rate proposal in this case included an increase in the residential customer charge from the current \$3.10 per month to \$5.00 and a reduction in the existing tier differential of about 50%. DRA suggested a 20% reduction in the differential but did not oppose the proposed customer charge increase. TURN, through the testimony of witness Nahigian, opposed both the increased customer charge and the dramatic tier differential reduction recommended by SoCal.

D.90-11-023 agreed with TURN's position on both aspects of residential rate design, refusing to increase the customer charge and limiting the tier differential reduction to 20% (pp. 52-53). This outcome protects the interests of small residential users and represents yet another substantial contribution.

E. Appendix E, Table 1 Format Changes

TURN pointed out the need for certain changes to the format of the summary throughput table included in the last ACAP decision and utilized again in the DRA report in this case which, if not corrected, could lead to confusion and perhaps an erroneous calculation of curtailments. TURN also addressed this matter in its brief, and later discussed the issue with Commission Advisory and Compliance Division (CACD) staff. As a result, Table 1 of Appendix E to the decision incorporated the specific changes requested by TURN, thereby assuring a logical and accurate calculation of curtailment volumes. This technical adjustment also constitutes a substantial contribution.

The following is a summary of TURN's requested compensation in this proceeding.

Attorney/Witness Fees:

M. Florio
83.00 Hours x \$175 = \$14,525

Attorney Fees:

J. Singer
3.80 Hours x \$140 = \$ 532

Witness/Consulting Fees:

W. Marcus -- JRS Energy, Inc.
2.50 Hours x \$120 = \$ 300

J. Nahigian -- JBS Energy, Inc.
45.50 Hours x \$60 = \$ 2,730

Other Reasonable Costs:

Copying Expenses = \$ 570
Postage Costs = \$ 151
Long-Distance Telephone = \$ 21
Fax Charges = \$ 40
Witness Expenses = \$ 85
Attorney Expenses = \$ 23

TOTAL = \$18,977

TURN's attorney/witness Florio and attorney Singer maintained detailed contemporaneous time records indicating the number of hours devoted to this case, segregated by issue where feasible in accordance with the guidelines adopted in D.85-08-012. TURN requests the base hourly rates that the Commission has previously approved for Florio (\$175) and Singer (\$140).

All of the time listed for TURN's consultant, JBS Energy, Inc., (JBS) was devoted to the residential rate design issue. William Marcus, a principal of JBS, was TURN's initial contact person and supervised the preparation of testimony. The bulk of the hours were incurred by Jeffrey Nahigian, who performed the necessary data analysis and prepared and presented the actual

testimony. The hourly rates requested for Nahigian and Marcus are consistent with the actual billing rates charged to TURN by JBS. None of these hourly figures has been increased over levels previously approved by this Commission.

Findings of Fact

1. TURN made several substantive contributions to D.90-11-023, including the issues of throughput and cost allocation impacts of SSE, causing the withdrawal of Long Beach's cost reallocation proposal, challenging the Elk Hills cost, presenting persuasive evidence on residential rate design, and identifying needed changes in certain tables proposed by the parties.

2. The attorney fees, witness fees, and other costs requested by TURN are reasonable.

Conclusion of Law

The Commission concludes that Toward Utility Rate Normalization should be awarded intervenor compensation of \$18,977.

ORDER

IT IS ORDERED that TURN is awarded \$18,977 in intervenor fees to be paid by Southern California Gas Company within 15 days of the effective date of this order with interest from February 28, 1991.

This order is effective today.

Dated April 10, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

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


NEAL J. SPURRANE, Executive Director
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