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Decision 91-07-057 July 24, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
review the time schedules for the
rate case plan and fuel offset
proceedings.

R.87-11-012
(Filed November 13, 1987)

In the Matter of the Application of
Southern California Gas Company
(U904G) for authority to increase
rates charged for gas service based
on test year 1990 and to include an
attrition allowance for 1991 and
1992.

ORIGINAL
Application 88-12-047
(Filed December 27, 1988)

Order Instituting Investigation into
the rates, charges, and practices of
the Southern California Gas Company.

I.89-03-032
(Filed March 22, 1989)

OPINION

Summary

We grant the request of Southern California Gas Company (SoCalGas) and the Division of Ratepayer Advocates (DRA) to defer SoCalGas's next general rate case (GRC) for one additional year, from test year 1993 to test year 1994. We also authorize the standard attrition mechanism to remain in effect for 1993. We do not authorize, as a condition for deferral of the GRC, any revenue adjustments for 1993 other than the standard attrition adjustment. Finally, we will institute a general investigation during 1992, in order to provide a forum, similar to a GRC, for customers to raise issues relating to service and rates.

Introduction

SoCalGas and DRA have filed a joint petition for modification of Decision (D.) 89-01-040 and D.91-01-016.

D.89-01-040, issued in R.87-11-012, adopted revisions to the Commission's procedures for processing GRC applications. This decision requires SoCalGas to file a general rate application once every three years, with the next application scheduled to be processed during 1992 for a 1993 test year. Petitioners request that the rate case plan be amended to extend the next SoCalGas GRC test year to 1994. Subsequent GRCs would be processed every three years thereafter.

D.90-01-016, issued in Application 88-12-047, resolved SoCalGas' previous general case. Ordering Paragraph 14 of this decision authorized SoCalGas to file for an attrition rate adjustment effective January 1, 1991 and January 1, 1992, under the attrition mechanism adopted in D.85-12-076. Petitioners request that ordering Paragraph 14 of D.90-01-016 be modified to authorize SoCalGas to file for an attrition rate adjustment effective January 1, 1993. Such adjustment, as proposed by the petitioners, would incorporate all of the attrition measures authorized by D.85-12-076, plus two additional adjustments:

1. A special medical cost adjustment. This adjustment would allow an increase in the authorized revenue requirement according to a specified formula.
2. Inflation of authorized capital expenditures by the appropriate 1993 inflation rate. (This practice is not permitted under the standard attrition mechanism.)

Limited protests to the Joint Petition have been filed by The East Los Angeles Community Union (TELACU)¹, Toward Utility Rate Normalization (TURN), and Local 132, UWUA/AFL-CIO (Local 132).

¹ This protest was filed late. The protestant has filed a motion for leave to file a late protest. The motion states that TELACU's representative in this proceeding did not receive a copy of the joint petition even though his name is clearly listed on the Commission's current service list. The motion for leave to file late will be granted.

Discussion

Under the current Rate Case Plan, SoCalGas and Pacific Gas and Electric Company are both scheduled to process 1993 test year GRC applications. By D.91-07-014, we have authorized San Diego Gas & Electric Company (SDG&E) to also file a 1993 test year GRC application.

Rather than attempt to process three major rate case applications during 1992, we find that it is necessary to defer one of these three proceedings. Accordingly, we will grant the joint request of DRA and SoCalGas to defer the SoCalGas GRC to test year 1994.

We will also grant petitioners' request to extend the attrition rate mechanism adopted in D.85-12-076. Ordering Paragraph 14 of D.90-01-016 will be modified to authorize SoCalGas to file for an attrition rate adjustment effective January 1, 1993.

However, we cannot adopt the additional adjustments proposed by the petitioners. While the pleading before us is captioned as a "Petition for Modification", the petition proposes that we do more than merely modify a prior procedural order. It is clear that the intended purpose of the pleading is to obtain authorization to increase SoCalGas' 1993 revenue requirement. Because petitioners are requesting an increase in rates, and because the requested increase encompasses more than the standard attrition adjustments, they should have filed an application which conforms to Rule 15 of the Commission's Rules of Practice and Procedure. Notice of the application should have been provided pursuant to Public Utilities Code § 454. Moreover, because the application is a joint proposal of DRA and SoCalGas to settle substantive issues in a major rate case, this joint recommendation should have been submitted pursuant to the Commission's settlement rules.

Because of the requirements of Section 454, where we have previously authorized a deferral of a scheduled GRC, we have either

authorized the standard attrition adjustment or we have established a procedure for a modified attrition adjustment. This modified attrition procedure provides all parties notice and an opportunity to be heard on matters which will materially affect rates. The limited protests filed by TURN, Local 132 and TELACU allege potentially significant changes in the terms of SoCalGas' labor agreements and in customer service. These parties request the right to be heard on these issues.

Although we will defer the SoCalGas GRC, we believe that it is appropriate to provide a forum for parties to be heard on issues relating to rates and terms of service, including but not limited to those issues raised by the limited protests.

Investigation (I.) 89-03-032, (an investigation into the rates, charges, and practices of SoCalGas) provided a general forum during SoCalGas' last general rate case. This investigation will remain open, as a continuing forum for public input, through December 31, 1992.

Findings of Fact

1. SoCalGas and DRA request that the rate case plan be amended to extend the next SoCalGas GRC test year to 1994.
2. By D.91-07-014, we have authorized SDG&E to also file a 1993 test year GRC application.
3. Because it will be difficult to process three major rate case applications during 1992, it is necessary to defer one of these three proceedings.
4. Limited protests have been filed by TURN, Local 132 and TELACU regarding alleged changes in SoCalGas' labor contracts and terms of service.
5. It is appropriate to provide a forum in 1992 for parties to raise issues regarding rates and terms of service.

Conclusions of Law

1. The Commission should extend the next GRC application to test year 1994.
2. SoCalGas should file a 1994 test year GRC application.
3. The standard attrition mechanism should remain in effect in 1993 for SoCalGas.
4. The Commission should not authorize, as a condition for deferral of the GRC, any revenue adjustments for 1993 other than the standard attrition adjustment.
5. I.89-03-032 should remain open through December 31, 1992, in order to provide a forum, similar to a GRC, for customers to raise issues relating to service and rates.

ORDER

IT IS ORDERED that:

1. Ordering Paragraph 1 and the seventh paragraph of the Rate Case Plan contained in Appendix B of Decision (D.) 89-01-040 should be modified to require Southern California Gas Company (SoCalGas) to extend its next general rate case test year to 1994; thereafter, the three-year rate case cycle will apply to SoCalGas.
2. The attrition mechanism authorized for SoCalGas in Ordering Paragraph 14 of D.90-01-016 will remain in place for 1993, and SoCalGas is authorized to file for an attrition rate adjustment effective January 1, 1993..

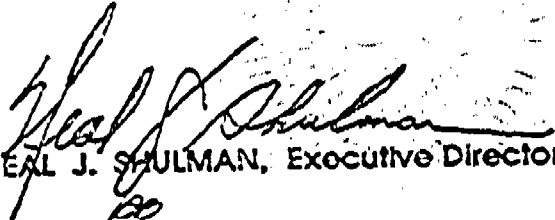
3. Investigation 89-03-032 will remain open through December 31, 1992.

This order becomes effective 30 days from today.

Dated July 24, 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. SHULMAN, Executive Director