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Decision 91-09-086 September 25, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS AND)
ELECTRIC COMPANY for Authority to)
Increase Gas Rates and Recover)
Costs for Implementation of a)
Natural Gas Vehicle Program.)

ORIGINAL

A.90-06-028
(Filed June 11, 1990)

ORDER MODIFYING DECISION 91-07-017
AND DENYING REHEARING

Toward Utility Rate Normalization (TURN) has filed an application for rehearing of Decision (D.) 91-07-017, in which we authorized San Diego Gas and Electric Company (SDG&E) to implement a natural gas vehicle (NGV) program involving primarily the development of new NGV infrastructure and the establishment of a NGV fuel tariff.

We have carefully considered all of the allegations of error raised in TURN's application. Although we have concluded that the application for rehearing should be denied, upon reconsideration we believe the decision should be modified as set forth below.

THEREFORE, for good cause appearing,

IT IS HEREBY ORDERED that:

1. Decision 91-07-017 is modified as follows:
 - a. The first sentence in the first full paragraph on page 11 of D.91-07-017 is replaced by the following:

"This SDG&E application for an NGV program raises the same issues as were raised in the application of PG&E for an NGV program (Application 90-07-067), decided in D.91-07-018, as modified by D.91-09-086."

- b. The words "NGV infrastructure" are inserted between the word "SDG&E" and the word "program," and between the word "PG&E"

and the word "program" in the first sentence of the first paragraph on page 12 of D.91-07-017.

c. The following paragraphs are inserted before the last sentence of the first paragraph on page 12 of D.91-07-017, and the last sentence of that first paragraph is made into a new paragraph:

"It is important to recognize that SDG&E's NGV program consists of two distinct components: 1) a proposed NGV fuel tariff designed to recover the variable cost of supplying natural gas as a vehicle fuel (such as the commodity cost of the gas, the cost of transporting the gas, and the cost of the electricity required to compress the gas); and 2) a program for developing, and increasing utilization of, NGV equipment and infrastructure.

SDG&E's proposed NGV fuel tariff is not intended to, and will not, provide enough revenue to support both components of SDG&E's overall NGV program. The cost of the infrastructure component will be recovered on an equal-cents-per-therm basis over all volumes sold by SDG&E to all customer classes. Each component has a different source of financial support. Thus, the fact that residential ratepayers are required to support the equipment and infrastructure component of SDG&E's NGV program does not compel the conclusion that SDG&E's proposed NGV fuel tariff will result in unlawful residential ratepayer subsidization of persons using natural gas to fuel vehicles."

d. Finding of Fact 9 is replaced by the following:

"The rates generated under SDG&E's proposed NGV tariff are intended to recover the variable costs of supplying natural gas as a vehicle fuel. Such costs include the commodity cost of the gas, the cost of transporting the gas to the NGV refueling station, and the cost of any electricity used by the utility to compress the gas. SDG&E's proposed NGV tariff rates are not intended to, and will not, raise sufficient revenue to cover the total costs of its entire NGV

program. In these circumstances, SDG&E's proposed tariff rates are just and reasonable."

- e. Finding of Fact 10 is replaced by the following:

"SDG&E's proposed NGV fuel tariff must be reviewed annually to ensure that it does not result in any direct or indirect subsidy from residential gas or electric customers to persons using natural gas or electricity to fuel vehicles."

- f. Finding of Fact 23, which reads as follows, is added to D.91-07-017:

"The language in Public Utilities Code § 740.3(c) which authorizes the Commission to require ratepayers to support NGV equipment and infrastructure programs if the Commission finds that those programs are in the ratepayers' interests closely parallels language used in a utility solar energy program bill passed earlier in the 1990 legislative session. AB 2836 amended Public Utilities Code § 2775.5 to replace a total prohibition against ratepayer financing of utility solar energy programs with the phrase: "[t]he costs ... of ... a program of solar energy development ... shall not be passed through to the ratepayers ... unless the commission finds and determines that it is in the ratepayer's interest to do so." (§ 2775.5 (f), emphasis added.)

- g. Finding of Fact 23, which reads as follows, is added to D.91-07-017:

"A discussion of the legislative history of Public Utilities Code § 740.3(c) and a comparison of that section to similar language in Public Utilities Code § 2775.5, as amended in 1990 by AB 2836, might have provided useful insight into the intent of the Legislature in using ratepayer financing language in Public Utilities Code § 740.3(c) that is different from the language used in Public Utilities Code § 745(c)."

h. Conclusion of Law 2 is replaced with the following:

"SDG&E's natural gas vehicle tariff should be reviewed annually to ensure that it does not result in any direct or indirect subsidy from residential or electric customers to persons using gas or electricity to refuel vehicles in violation of Public Utilities Code § 745(c)."

i. Conclusion of Law 6, which reads as follows, is added to D.91-07-017:

"Public Utilities Code § 745(c) prohibits residential ratepayer subsidization of NGV fuel incentive tariffs, while Public Utilities Code § 740.3(c) authorizes the Commission to require ratepayers to support utility NGV equipment and infrastructure programs if it determines the programs are in the ratepayers' interests. We conclude that the NGV fuel incentive tariffs and the NGV equipment and infrastructure programs are two distinct programs and that the legislature intended to treat the residential ratepayer subsidy issue differently in those two programs."

j. Conclusion of Law 7, which reads as follows, is added to D.91-07-017:

"If the Legislature wanted the prohibition against residential ratepayer subsidization of NGV fuel incentive tariffs to apply to the NGV equipment and infrastructure programs authorized by Public Utilities Code § 740.3, it would have said so. It would not have explicitly authorized the Commission to impose upon ratepayers the obligation to pay for NGV equipment and infrastructure programs found to be in the ratepayers' interests without distinguishing between residential and other ratepayers."

k. Ordering Paragraph 9, which reads as follows, is added to D.91-07-017:

"The Commission Advisory and Compliance Division shall annually review SDG&E's natural gas vehicle fuel incentive tariff to ensure that it does not result in any direct or indirect subsidy from residential gas or electric customers to persons using gas or electricity to fuel vehicles in violation of Public Utilities Code § 745(c)."

2. Rehearing of Decision 91-07-017, as modified hereby, is denied.

3. The Executive Director shall serve a copy of this decision on the parties list in Appendix A ("List of Appearances" to Decision 91-07-017.

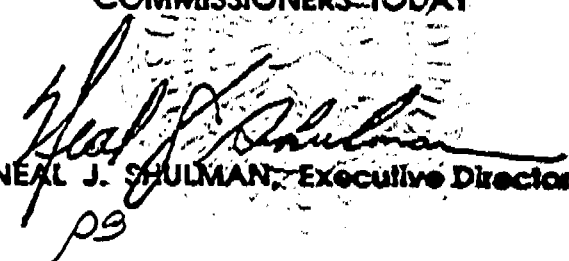
This order is effective today.

Dated September 25, 1991, at San Francisco, California.

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

Commissioner G. Mitchell Wilk,
being necessarily absent, did
not participate

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

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NEAL J. SHULMAN, Executive Director
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