

L/JTP/afm

HEX-3

**ORIGINAL**

Decision 92 01 033

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California  
Gas Company under the Annual  
Reasonableness Review Procedure.

(U 904 G)

Application 89-06-020  
(Filed June 16, 1989)

ORDER MODIFYING DECISION 91-09-026 AND DENYING REHEARING

The City of Long Beach (Long Beach) has filed an application for rehearing of Decision (D.) 91-09-026 (the Decision). The Decision, inter alia, ordered Southern California Gas Company (SoCalGas), in its next cost allocation proceeding, to reallocate \$1.47 million from the core purchase gas account to noncore customers. SoCalGas has filed a response opposing Long Beach.

The \$1.47 million to be reallocated to the noncore represents the increased cost of replacing gas that was withdrawn from storage during July and early August 1988. This cost is being reallocated from the core to the noncore because the withdrawal benefited the noncore.

In its application for rehearing Long Beach argues that none of this \$1.47 million should be reallocated to its wholesale core service, because the wholesale core did not benefit from the storage withdrawal.<sup>1</sup> More particularly, Long Beach contends that allocating any portion of this \$1.47 million to its

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1. In using the term "wholesale core", Long Beach refers to the service it provides as a wholesaler to its own core customers.

wholesale core requirements would constitute undue discrimination because there "is no basis for distinguishing the wholesale core from the retail core in this regard." (Application for Rehearing at 4.)

Unfortunately, Long Beach's application for rehearing is vague. It does not spell out in any detail the factual or legal basis for Long Beach's contention. Long Beach is a wholesale customer of SoCalGas that in turn provides service to its own customers, including residential and small commercial ("core") customers. SoCalGas's relationship to Long Beach so that Long Beach can provide service to its "core" customers is not just the same as SoCalGas's relationship to its own core customers. (See, e.g., D.86-12-009, 22 Cal. P.U.C. 2d 444, 479 (1986).) In other words, the wholesale core is not just the same as the retail core. Therefore, Long Beach's application should have explained in detail just how, based on the facts of this particular situation, its wholesale core was in the same position as SoCalGas's retail core with regard to the Summer 1988 withdrawals -- for that is Long Beach's contention. Its application for rehearing likewise should have explained in detail the factual basis for its contention that Long Beach's wholesale core did not benefit from the Summer 1988 withdrawals. In the absence of such detailed explanations we cannot conclude that there is any merit to Long Beach's application for rehearing. Accordingly, we will deny rehearing.

On the other hand, in the absence of a clear argument by Long Beach, we cannot tell whether SoCalGas's opposition is persuasive or not. Moreover, the reallocation of the \$1.47 million to the noncore will not occur until SoCalGas's 1993 Biennial Cost Allocation Proceeding (BCAP). Accordingly, we will permit Long Beach to litigate, in the 1993 BCAP, its contention that the position of the wholesale core was so like that of the retail core that it would be unduly discriminatory for the wholesale core to pay a portion of the \$1.47 million when the retail core is not paying any part of that sum. However, in order to retain the opportunity to litigate this issue, Long

Beach will have to file a pre-hearing brief specifying the factual and legal basis for its contention in much greater detail than it did in its application for rehearing. We will not entertain any further argument or evidence on the issue if that brief does not show that there is some merit to Long Beach's contention. We authorize the assigned ALJ to issue a ruling as to whether the brief shows sufficient merit to justify further litigation.

No other points raised in the application for rehearing require further discussion here. We have, however, carefully considered all of the issues and arguments raised in the application for rehearing, and the response, and are of the opinion that the Decision should be modified in certain limited respects, but that sufficient grounds for granting rehearing have not been shown.

Therefore, good cause appearing,

IT IS ORDERED that D.91-09-026 is modified as follows:

1. The first sentence in the first full paragraph on page 16 is modified to read:

Finally, DRA argues that the cost of replacing, during late August and early September 1988, gas that was withdrawn from storage during July and early August should be borne by noncore customers.

2. The second sentence in the first full paragraph on page 34 is modified to read:

It is clear from the record before us that gas was removed from storage in July and early August, and that at that time there was no need to withdraw gas from storage for core use.

3. The first sentence in Finding of Fact No. 24 on page 58 is modified to read:

Gas was removed from storage in July and early August when there was no need to withdraw gas from storage for core use.

4. A new Ordering Paragraph 2A is inserted on page 61 following Ordering Paragraph 2.

Long Beach may litigate, in SoCalGas's 1993 BCAP, its contention that the position of the wholesale core was so like that of the retail core with regard to this \$1.47 million cost that it would be unduly discriminatory for the wholesale core to pay any portion of this cost when the retail core is not paying any part it. As a condition of litigating this issue Long Beach must file, no later than the prehearing conference or at such other time as the assigned ALJ directs, a brief specifying in detail the factual and legal basis for its contention. If that brief does not explain why there is some merit to Long Beach's contention, Long Beach will not be allowed to litigate the issue any further.

IT IS FURTHER ORDERED that:

5. Rehearing of D.91-09-026 as modified herein is denied. This order is effective today.

Dated JAN 10 1992, at San Francisco, California.

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

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

  
NEAL J. SHULMAN, Executive Director