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Decision 92-01-035      January 10, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of Application of  
SOUTHERN CALIFORNIA GAS COMPANY  
to revise its rates under the  
Consolidated Adjustment Mechanism

**ORIGINAL**  
Application 86-09-030  
(Filed October 10, 1986)

ORDER GRANTING LIMITED REHEARING OF D.91-09-069

The City of Long Beach (Long Beach) has filed an application for rehearing of Decision (D.) 91-09-069 (the Decision). The Decision approved a settlement concerning the reasonableness of SoCalGas's contract termination payment to Getty Synthetic Fuels Energy, Inc. (Getty). SoCalGas had a contract with Getty to purchase gas from the Monterey Park landfill. In 1986, SoCalGas paid Getty more than \$7 million to terminate the contract. The Decision approved a settlement, between DRA and SoCalGas, concerning the reasonableness of this payment. In effect, the settlement and the Decision disallow \$4.07 million of the termination payment, which was previously booked to SoCalGas's Consolidated Adjustment Mechanism (CAM) account. Under the settlement and the Decision, this sum, together with interest, is to be credited to SoCalGas's Core Implementation Balancing Account and its Noncore Implementation Account.

Long Beach's application for rehearing alleges that SoCalGas's wholesale customers paid a proportionate share of the more than \$7 million SoCalGas spent to terminate the Getty contract, but will not receive any share of the \$4.07 million in credits. SoCalGas has filed a response.

Long Beach notes that SoCalGas and DRA, in their joint motion for approval of the settlement, stated:

The settlement will result in a benefit to ratepayers of \$4,070,000 (plus interest), and the benefit is spread over all customers in exactly the same way as had SoCalGas never booked this amount to its gas cost balancing account. (Joint Motion at 4.)

Our review of the Preliminary Statement in SoCalGas's tariff reveals that SoCalGas's Core Implementation Balancing Account and its Noncore Implementation Account both apply only to retail customers. Therefore SoCalGas's wholesale customers will not receive any share of the \$4.07 million in credits allocated by our Decision approving the settlement. On the other hand, SoCalGas's response concedes that its wholesale customers (including Long Beach) were charged for the termination payment to Getty. Thus, contrary to the statement in the joint motion, it appears that under the approved settlement the benefit is not spread over all customers as if the \$4.07 million had never been booked to SoCalGas's balancing account. SoCalGas's response suggests that the settlement's failure to allocate a share of the \$4.07 million to wholesale customers was due to an oversight.

To correct this apparently inequitable situation, we will grant, on a policy basis, a limited rehearing for the purpose of considering and adopting an allocation of the \$4.07 million that gives wholesale customers their fair share.

SoCalGas's response to Long Beach's application suggests a specific method for giving a share of the \$4.07 million to the wholesale customers. However, we are concerned that this proposal would give a "cash refund" (rather than a proportionate credit) to the wholesale customers. Moreover, the other parties to this proceeding have not had an opportunity to respond to SoCalGas's proposal. Therefore, we will order a limited rehearing, rather than simply adopt SoCalGas's proposal. However, we do not expect that any lengthy proceedings will be necessary to resolve this issue. We wish to stress the

desirability of resolving this issue without evidentiary hearings, based on a settlement, a workshop, or written submissions.

We are concerned that Long Beach did not raise this issue earlier in the proceeding, either by participating in the settlement conference held pursuant to Rule 51.1 of the Commission's Rules of Practice and Procedure, or by filing comments on the settlement pursuant to Rule 51.4. We admonish Long Beach to raise its concerns in a more timely fashion in the future.

Therefore, good cause appearing,  
IT IS ORDERED that:

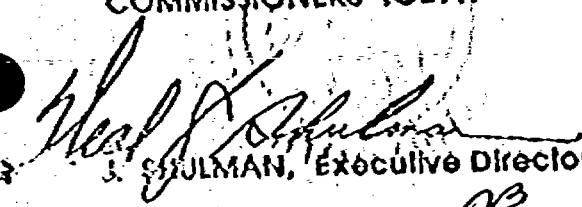
1. The application for rehearing of D.91-09-069 by Long Beach is granted for the limited purpose of considering and adopting an allocation of the \$4.07 million (plus interest) that gives wholesale customers their fair share of the credit authorized by that decision.
2. This limited rehearing shall be held at such time and place and before such Administrative Law Judge as shall hereafter be determined.
3. The Executive Director shall provide notice of this limited rehearing to all parties who have appeared in A.86-09-030 (not just to those parties who appear on the most recent service list prepared for the Monterey landfill phase of the proceeding) in the manner prescribed by Rule 52 of the Commission's Rules of Practice and Procedure.
4. Except as granted herein, rehearing of D.91-09-069 is denied.

This order is effective today.

Dated January 10, 1992, at San Francisco, California.

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

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

  
J. SHULMAN, Executive Director