

Mailed

Decision 92-10-009 October 6, 1992

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

) Application 86-09-030  
) (Filed September 19, 1986)  
)

Glen J. Sullivan and E. R. Island, Attorneys  
at Law, and C. B. Rooney, for Southern  
California Gas Company, applicant.  
Keith Melville, Attorney at Law, for San Diego  
Gas & Electric Company, interested party.

OPINION ON REHEARING

Decision (D.) 91-09-069 approved a settlement concerning the reasonableness of Southern California Gas Company's (SoCalGas) 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 Division of Ratepayer Advocates (DRA) and SoCalGas concerning the reasonableness of this payment.

Under the terms of the approved settlement, SoCalGas will recover \$3,326,514 of the \$7,396,514 it paid to Getty to terminate the contract in April 1986. SoCalGas will credit the unrecovered portion of its payment, \$4,070,000, plus interest to its Core and Noncore Implementation Balancing Accounts.

The City of Long Beach (Long Beach) filed an application for rehearing of D.91-09-069. Rehearing was granted by D.92-01-035 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 D.91-09-069.

A prehearing conference was held before Administrative Law Judge O'Leary at Los Angeles on February 18, 1992. At the prehearing conference, SoCalGas advised that it, with the approval of DRA, was in the process of preparing an amendment to the settlement and agreement previously approved by D.91-09-069.

Subsequent to the prehearing conference, the parties participated in informal discussions regarding a resolution of the matter. SoCalGas gave written notice on April 23, 1992 to all parties to the proceeding of a settlement conference at SoCalGas' headquarters in Los Angeles on May 1, 1992 and enclosed a proposal for an amendment to the settlement intended to allocate a fair share to wholesale customers. No party attended the settlement conference and expressed opposition to adoption of the proposed amendment to the settlement.

SoCalGas, DRA, Long Beach, and San Diego Gas & Electric Company have now all signed the amendment to the settlement served on April 23 and no other party has informed SoCalGas of any opposition. A copy of the amendment to the settlement with signatures by the parties is attached as Appendix A.

On July 14, 1992, SoCalGas filed a motion which requests the Commission approve the settlement as modified by the amendment. The amendment provides for a direct credit to each of SoCalGas' two wholesale customers of a specific dollar amount plus interest to the date of credit. The amounts to be credited to the wholesale customers are proportional to their percentages of SoCalGas' total system throughput, as forecast by the Commission in D.87-01-046, which was the first consolidated adjustment mechanism decision following the filing of the instant application. The amount to be credited to retail customers plus the amount to be credited to wholesale customers equals \$4.07 million, plus interest. SoCalGas submits that this allocation constitutes a reasonable basis for approval of the amendment to the settlement, although the amendment

to the settlement specifically states that the method of allocation should not be precedential for any other purpose.

No objections to the motion for approval of the amended agreement have been received.

Findings of Fact

1. On September 25, 1991, we issued D.91-09-069 granting the "Joint Motion of Southern California Gas Company and Division of Ratepayer Advocates for Approval of Settlement" filed December 5, 1990.

2. The "Settlement and Agreement" appended to the Joint Motion was approved.

3. On October 24, 1991, Long Beach filed an application for rehearing of D.91-09-069.

4. On January 10, 1992, we issued D.92-01-035 granting rehearing of D.91-09-069 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.

5. On April 23, 1992, SoCalGas gave written notice of public settlement conference pursuant to Rule 51 of the Commission's Rules of Practice and Procedure.

6. A copy of the proposed amendment to the settlement was served on parties to the service list on April 23, 1992.

7. The settlement conference was held on May 1, 1992 as noticed. No party attended the settlement conference and expressed opposition to the adoption of the proposed amendment to the settlement.

8. On July 14, 1992, SoCalGas filed "Motion of Southern California Gas Company (U 904 U) for Approval of Amended Settlement."

9. No objections or other responses to the motion have been received.

10. This order should be effective today, as there were no responses to the motion for approval of the amended settlement and the amounts in controversy continue to accrue interest.

Conclusion of Law

The settlement is in the public interest.

ORDER

IT IS ORDERED that:

1. The "Motion of Southern California Gas Company (U 904 U) for Approval of Amended Settlement" filed on July 14, 1992 is granted.

2. The "Settlement and Agreement" appended to the motion is approved.

3. Except as amended herein, Decision 91-09-069 remains in full force and effect.

4. This proceeding is closed.

This order is effective today.

Dated October 6, 1992, at San Francisco, California.

DANIEL Wm. FESSLER  
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

APPENDIX A

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA GAS COMPANY )  
to revise its rates under the )  
Consolidated Adjustment Mechanism )  
(U 904-G) )  
\_\_\_\_\_ )

A.86-09-030

AMENDMENT TO SETTLEMENT AND AGREEMENT

Pursuant to Rules 51 through 51.10 of the Commission's Rules of Practice and Procedure, the undersigned parties hereby submit this Amendment to the Settlement and Agreement submitted by Southern California Gas Company and the Division of Ratepayer Advocates in this proceeding on December 5, 1990.

On September 25, 1991, the Commission issued D.91-09-069, approving the settlement and agreement submitted December 5, 1990. On October 24, 1991, the City of Long Beach filed for rehearing of D.91-09-069, claiming that the means of crediting amounts to ratepayers specified in the settlement and agreement would improperly deprive wholesale customers of a share of the credit. On January 10, 1992, the Commission

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granted limited rehearing of D.91-09-069, solely for the purpose of considering and adopting an allocation of a portion of the credit to wholesale customers.

The purpose of this amendment to the Settlement and Agreement filed December 5, 1990, is to provide for an appropriate allocation of the credit between retail and wholesale customers. Therefore, the undersigned parties agree to amendments as set forth below.

The section of the settlement filed December 5, 1990, entitled TERMS OF SETTLEMENT is amended to read as follows:

"This Settlement and Agreement constitutes a complete and final resolution of the matters in dispute in this proceeding related to the purchases of gas from the Monterey Park landfill and the termination of SoCalGas' contract with GSF for gas from that landfill.

Within 30 days of the effectiveness of this Settlement and Agreement, SoCalGas shall credit to the benefit of ratepayers the sum of \$4,070,000, plus interest from April, 1986, to the date that the sum is credited to ratepayers, at

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the balancing account interest rates effective over that period.

Of the total principal amount of \$4,070,000, SoCalGas shall credit to retail customers the amount of \$3,551,889 (plus interest) and to wholesale customers the amounts of \$421,245 (plus interest) to San Diego Gas & Electric Company, and \$96,866 (plus interest) to the City of Long Beach.

The amount to be credited to retail customers shall be credited to the Core Implementation Balancing Account ("CIA") and to the Noncore Implementation Account ("NIA"), and divided between those accounts in the same proportion as the CAM balancing account as of April 30, 1988 was allocated by the Commission between core and noncore customer classes as authorized in D.87-12-039. The crediting of these amounts to the CIA and NIA accounts shall be allocated within the core class and within the noncore class in the same manner as the Commission allocated amounts in those accounts as of April 30, 1988, among customers within each class. These amounts shall be amortized in rates in such a proceeding and at such time as the Commission may determine at its discretion.

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The amounts to be credited to San Diego Gas & Electric and the City of Long Beach shall be credited as a one-time credit on their first regular bills for gas service rendered after the effectiveness of this Settlement and Agreement.

With the exception of the credit to ratepayers of \$4,070,000 (plus interest) specified herein, SoCalGas shall be allowed to recover in rates all amounts already booked to the CAM account in the 1985/1986 reasonableness review period and in previous periods with respect to the Monterey Park landfill gas purchases and contract termination."

The section of the settlement entitled RESERVATIONS is amended by modifying the second sentence of the first paragraph of that section to read as follows:

"Adoption of this Settlement and Agreement by the Commission shall not constitute approval of, or precedent regarding, any principle or issue in this or any other proceeding, including the method of allocation of any other credits or refunds between retail and wholesale customers."



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In all other respects, the Settlement and Agreement filed December 5, 1990, remains unamended.

Agreed to by the undersigned parties on the dates indicated below.

DIVISION OF RATEPAYER ADVOCATES

Dated:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SOUTHERN CALIFORNIA GAS COMPANY

Dated: July 12, 1992

By: Gen J. Sullivan  
Title: Attorney for Southern California Gas Company

SAN DIEGO GAS & ELECTRIC COMPANY

Dated: 6/9/92

By: J. K. Penzance  
Title: Manager, Fuels Department

CITY OF LONG BEACH

Dated:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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In all other respects, the Settlement and Agreement filed December 5, 1990, remains unamended.

Agreed to by the undersigned parties on the dates indicated below.

DIVISION OF RATEPAYER ADVOCATES

Dated: 6/12/92

By: [Signature]  
Title: Attorney for Division of Ratepayer Advocates

SOUTHERN CALIFORNIA GAS COMPANY

Dated:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SAN DIEGO GAS & ELECTRIC COMPANY

Dated:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF LONG BEACH

Dated:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

1-10-1994

APPENDIX A

In all other respects, the Settlement and Agreement filed December 5, 1990, remains unamended.

Agreed to by the undersigned parties on the dates indicated below.

DIVISION OF RATEPAYER ADVOCATES

Dated: By: \_\_\_\_\_  
Title: \_\_\_\_\_

SOUTHERN CALIFORNIA GAS COMPANY

Dated: By: \_\_\_\_\_  
Title: \_\_\_\_\_

SAN DIEGO GAS & ELECTRIC COMPANY

Dated: By: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF LONG BEACH

Dated: June 17, 1992 By: Pat J. Power  
Title: Attorney

1-2/1-1992