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Decision 92-10-041 October 21, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
of SOUTHERN CALIFORNIA GAS COMPANY
(U904G) for authority to revise its
rates and recover costs for
implementation of its air quality
supplemental RD&D Program.

Application 92-05-017
(Filed May 8, 1992)

Steven D. Patrick, Attorney at Law, and
Robert L. Ballew, for Southern
California Gas Company, applicant.
Peter V. Allen, Attorney at Law, for Toward
Utility Rate Normalization; Andrew
Brown, for Barakat & Chamberlin, Inc.;
and E. John Coonjohn, for himself,
interested parties.
Pamela Nataloni, Attorney at Law, for the
Commission staff.

INTERIM OPINION

Summary

For 1993, Southern California Gas Company (SoCalGas) is authorized a funding level of \$5.8 million, in 1990 dollars, for its Supplemental Research Development and Demonstration (RD&D) Programs. This level of funding maintains the level previously authorized for 1992 and bridges the funding gap caused by deferral of SoCalGas' general rate case (GRC). A duplicative review of RD&D programs is avoided by consolidating Application (A.) 92-05-017 with SoCalGas' pending test year 1994 GRC proceeding so that SoCalGas may amend into its 1994 test year GRC proceeding a request for all or any portion of funding not granted by this decision.

Discussion

On May 8, 1992, SoCalGas filed the instant application requesting ex parte approval of its Supplemental RD&D Program

funding request of \$9.5 million, in 1990 dollars, for 1993. Due to postponement of SoCalGas' GRC to test year 1994, there currently is no funding authorized for 1993.

On June 12, 1992, the Division of Ratepayer Advocates (DRA) filed a protest to the request, arguing, inter alia, that no more than \$3.7 million of additional funding should be allowed.

On July 22, 1992, DRA filed a motion requesting that the Commission consolidate the instant application with SoCalGas' upcoming GRC proceeding. In the alternative, DRA recommends that the Commission authorize funding for 1993 at the authorized 1992 level of \$5.8 million, in 1990 dollars, and consolidate review of the new Supplemental RD&D Programs with the review of all RD&D Programs in the upcoming GRC.

On August 7, 1992, a prehearing conference was held to resolve the scheduling issues raised in DRA's motion.

SoCalGas points out that a test year 1994 GRC decision cannot timely address Supplemental RD&D funding for 1993. To accommodate DRA, SoCalGas suggests that the Commission approve its requested 1993 funding level of \$9.5 million, in 1990 dollars, subject to refund of the portion over \$5.8 million, its previously authorized level for 1992 (Decision (D.) 90-10-035).

Both DRA and Toward Utility Rate Normalization (TURN) oppose granting SoCalGas a 1993 funding level of \$9.5 million without an evidentiary hearing. However, there is no opposition to granting SoCalGas the same 1992 level of expenditure of \$5.8 million in 1990 dollars for 1993.

We agree with DRA and TURN that SoCalGas' entire RD&D program including supplemental air quality programs should be reviewed at one time in the test year 1994 GRC proceeding. In the interim, we shall authorize the 1992 level of funding to be continued through 1993. Accordingly, we will approve for 1993 \$5.8 million of the requested \$9.5 million requested herein. The instant application for supplemental air quality program funding

should be consolidated with SoCalGas' test year 1994 GRC proceeding so that SoCalGas may amend into its 1994 test year GRC any part of the difference it wishes to present for consideration in the GRC proceeding so that its RD&d funding can be reviewed systematically on a going forward basis starting in the 1994 test year. Until then RD&D funding is held constant for 1993 at the 1992 level.

Findings of Fact

1. SoCalGas was previously authorized a funding level of \$5.8 million, in 1990 dollars, for its 1992 Supplemental RD&D Programs (D.90-10-035).
2. Due to postponement of its GRC proceeding, SoCalGas does not have funding authorized for its 1993 Supplemental RD&D Programs.
3. It will be duplicative and a waste of resources to review the instant application separately from the pending test year 1994 GRC proceeding.
4. It is in the public interest to continue the 1992 authorized level of funding of \$5.8 million, in 1990 dollars, on an interim basis through 1993, or until the Commission issues its decision on SoCalGas' test year 1994 GRC proceeding.
5. RD&D expenditures for 1993 shall not exceed \$5.8 million in 1990 dollars.

Conclusions of Law

1. SoCalGas should be authorized a funding level of \$5.8 million, in 1990 dollars, for its Supplemental RD&D Programs for 1993, or until the Commission issues its decision in SoCalGas' test year 1994 GRC proceeding.
2. The instant proceeding, A.92-05-017, should be consolidated with SoCalGas' test year 1994 GRC proceeding.

INTERIM ORDER

IT IS ORDERED that:

1. The level of funding for Southern California Gas Company's (SoCalGas) Supplemental Research Development and Demonstration Programs of \$5.8 million, in 1990 dollars, previously authorized by Decision (D.) 90-10-035 for 1992, shall continue through 1993, or until the Commission issues its decision on SoCalGas' test year 1994 general rate case (GRC) proceeding.

2. The supplemental funding authorized by this decision shall be subject to the same conditions as the Research Development and Demonstration Program funding authorized by SoCalGas' test year 1990 GRC D.90-01-016, and shall be included in the same one-way interest-bearing memorandum account. All cumulative underspending shall be returned to the ratepayers in the next GRC cycle or credited toward future expenses. SoCalGas shall not be compensated for any overexpenditures.

3. All funding authorized by this decision is in 1990 dollars and shall be subject to the appropriate inflation adjustment in the attrition mechanism.

4. The Administrative Law Judge's ruling dated August 14, 1992, setting evidentiary hearings for December 1992, is rescinded and the instant proceeding (Application 92-05-017) shall be consolidated with SoCalGas' pending test year 1994 GRC proceeding.

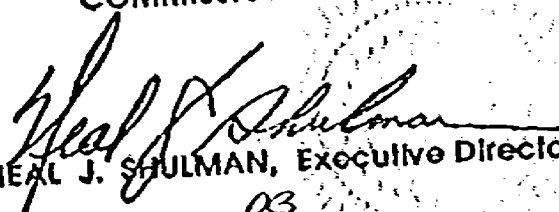
5. This proceeding shall remain open for consolidation with SoCalGas' pending test year 1994 GRC proceeding.

This order is effective today.

Dated October 21, 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

PB