

OCT 21 1992

Decision 92-10-042 October 21, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHWEST GAS CORPORATION for Authority to Change Natural Gas Rates in San Bernardino and Placer Counties, California.

(U 905 G)

Application of PACIFIC GAS AND ELECTRIC COMPANY for authority to revise its gas rates and tariffs effective August 1, 1992, pursuant to Decision Nos. 87-12-039, 89-01-040, 89-05-073, 90-04-021, 90-09-089, and 91-05-029.

(U 39 G)

ORIGINAL

Application 91-01-027 (Filed January 23, 1991)

Application 91-11-001 (Filed November 1, 1991)

OPINION

On February 13, 1992, Southwest Gas Corporation (Southwest) filed a petition for modification of Decision (D.) 91-12-049. Southwest requests a new filing date for its initial biennial cost allocation proceeding (BCAP) application. Specifically, Southwest asks that the:

"Commission vacate the March 2, 1992 filing date for Southwest's initial BCAP application and formally order Southwest to submit such a filing simultaneously with the next PG&E [Pacific Gas and Electric Company] BCAP proceeding after its pending proceeding in A. [Application] 91-11-001." (Southwest petition, p. 5.)

The filing date is part of a Supplemental Stipulation and Settlement Agreement (Agreement) adopted in D.91-12-049. The Agreement was entered between Southwest, Luz Partnership Management (Luz), and the Division of Ratepayer Advocates (DRA). On

February 24, 1992, investors in the Solar Electric Generating Stations VIII and IX (SEGS investors) filed a response in support of Southwest's petition. SEGS investors aver that they were represented by Luz in Southwest's last general rate case, but Luz has subsequently entered bankruptcy. SEGS investors have assumed direct responsibility for the operation of SEGS VIII and IX. SEGS investors support Southwest's petition to postpone the filing of Southwest's first BCAP.

SEGS investors suggest the Commission use this opportunity to direct Southwest to make necessary filings to implement capacity brokering. That is, SEGS investors expect further unbundling of gas utility services as a result of Commission decisions in Rulemaking (R.) 88-08-018 before Southwest's first BCAP proceeding. SEGS investors expect Southwest to offer its customers the same opportunities, at the same time, as those which are available under the capacity brokering programs of other California gas utilities. The Commission should indicate to Southwest that it expects Southwest to make the necessary filings to implement capacity brokering on its system, concurrent with the implementation of that program for PG&E, according to SEGS investors.

On March 23, 1992, DRA filed a response in support of Southwest's petition. In addition, DRA states that SEGS investors' capacity brokering implementation suggestion may have merit, but is beyond the scope of Southwest's petition and should be considered in some other proceeding.

Southwest's petition to modify D.91-12-049 is unopposed by signatories to the Agreement, or the parties they represented, and should be granted. Southwest is directed to file its initial BCAP application simultaneously with the filing made by PG&E in PG&E's next BCAP application after A.91-11-001.

We similarly modify the timing for subsequent Southwest BCAP filings. We do this because our current BCAP schedule calls

for a prehearing conference on day 19. (30 CPUC 2d 576, 613.) D.91-12-049 provides for subsequent Southwest BCAPs to be filed 30 days after PG&E files its BCAP applications. It further provides that the BCAP schedule permit the same administrative law judge (ALJ) to be assigned to both the PG&E and Southwest BCAPs, and allow the Commission to render concurrent decisions in the two proceedings.

To allow the most efficient and coordinated use of the prehearing conference, Southwest must file its application before day 19 in PG&E's BCAP schedule. We direct subsequent Southwest BCAP applications to be filed on the same schedule requested by Southwest for its initial filing. This will allow the best use of the prehearing conference while meeting the other goals.

Among the statements in support of its petition, Southwest observes that an ALJ ruling dated January 24, 1992 potentially expanded the scope of its initial BCAP filing beyond the five specific issues in the Agreement. Southwest appears to believe the scope of its initial BCAP is limited to those five issues. To the contrary, the Agreement adopted in D.91-12-049 identifies at least five issues to be addressed in Southwest's initial BCAP. (D.91-12-049, Appendix B, p. 8: "...the issues... shall include, but not be limited to....") The ALJ ruling of January 24, 1992 briefly outlines the general scope of BCAPs. It also directs Southwest to include the Northern California and Needles Divisions in its initial filing, consistent with our general plan for BCAPs. The ALJ ruling is consistent with both D.91-12-049 (identifying certain minimum but not all issues) and the scope of a BCAP proceeding. Therefore, unless modified by subsequent decision or ruling, Southwest's initial BCAP shall include at least the five issues identified in the Agreement, and shall comply with the ALJ ruling dated January 24, 1992.

SEGS investors' capacity brokering suggestion is beyond the scope of Southwest's petition to modify. To the extent SEGS

investors desire modification, extension, or expansion of our capacity brokering implementation, SEGS investors should seek appropriate relief in R.88-08-018.

Findings of Fact

1. Southwest filed a petition to modify D.91-12-049 on February 13, 1992, requesting a modification to the Agreement adopted in D.91-12-049.

2. Signatories to the Agreement, or the parties they represented, either do not oppose or filed responses in support of Southwest's petition.

3. The filing of Southwest's BCAP applications 30 days after PG&E files its BCAP applications, with both being assigned to the same ALJ, conflicts with an efficient and coordinated use of the prehearing conference to be set for day 19 under our BCAP schedule.

4. The Agreement adopted in D.91-12-049 states that issues to be addressed in Southwest's initial BCAP shall include, but not be limited to, five specific items.

5. The ALJ ruling of January 24, 1992 outlines the general scope of BCAPs and directs Southwest to file a BCAP application consistent with the Commission's intent for BCAPs.

Conclusions of Law

1. Southwest's petition to modify D.91-12-049 should be granted as provided herein and denied in all other respects.

2. Southwest's initial BCAP should include, but not be limited to, the five issues identified in the Agreement adopted in D.91-12-049, as well as being consistent with the scope identified in the ALJ ruling of January 24, 1992.

3. SEGS investors' capacity brokering implementation suggestion should be denied.

O R D E R

IT IS ORDERED that Southwest Gas Corporation's (Southwest) petition to modify Decision (D.) 91-12-049 is granted to the extent set forth herein. Specifically, Appendix B to D.91-12-049 is changed as follows:

a. From page 7, line 23, to page 8, line 11, the following is struck:

"Southwest's BCAPs will be conducted on a schedule in which Southwest lags the filing of PG&E's BCAP (as established by D.89-01-040 and D.90-09-089) in such a fashion as to permit the assignment of the same administrative law judge to the Southwest BCAP as is assigned to the PG&E BCAP and to allow the Commission to render concurrent decisions in the two proceedings. Southwest will file its initial BCAP application on March 2, 1992, in recognition of the delay in the filing of PG&E's scheduled BCAP filing from the normal date of August 15 to November 1, 1991. All subsequent BCAP applications by Southwest will be filed no later than 30 days after PG&E files its future BCAP applications. A time line illustrating the relative timing of Southwest's future BCAP and general rate case proceedings is set forth in Appendix B attached hereto."

b. The following is inserted beginning at page 7, line 23:

"Southwest's BCAPs will be conducted on a schedule in conjunction with the filing of PG&E's BCAPs (as established by D.89-01-040 and D.90-09-089) in such a fashion as to permit the assignment of the same administrative law judge to the Southwest BCAP as is assigned to the PG&E BCAP and to allow the Commission to render concurrent decisions in the two proceedings. Southwest will file its initial BCAP application simultaneously with the next PG&E BCAP proceeding after PG&E's Application 91-11-001. (The next PG&E BCAP

proceeding is expected to be filed on August 16, 1993; Southwest will therefore file an application on August 16, 1993, or the same day as PG&E files if PG&E files after August 16, 1993.) All subsequent BCAP applications by Southwest will be filed simultaneously with PG&E's filing of its future BCAP applications."

c. Appendix B to Appendix B is struck.

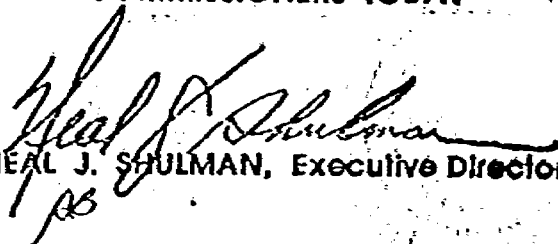
This order becomes effective 30 days from today.

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