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Decision No. 90002 : FEB 27 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY for authority to revise its gas rates and tariffs under the Gas Cost Adjustment Clause, to change gas rate design, and to modify the Gas Cost Balance Account to reflect carrying costs of gas in storage.

Application No. 57978
(Filed April 7, 1978)

(Gas)

ORDER GRANTING MOTION

On December 12, 1978, Pacific Gas and Electric Company (PG&E) filed a Motion For Order Dismissing Phase 2 Of Application No. 57978 And Making Interim Increase Of \$90.3 Million Final.

According to PG&E, during the hearings on Application No. 57978, staff counsel moved for an order bifurcating the case and deferring until Phase 2 the issues of (1) whether the Gas Cost Balance Account should be modified to include carrying costs of gas in storage, (2) whether Canadian gas deliveries should be taken at contract obligation, and (3) whether gas rates should be adjusted to include the full increase in gas costs on a test year basis (adjustment rate deficiency). The motion was granted on July 20, 1978, and Phase 1 proceeded on the issues of rate design and the amount of the interim increase. On September 6, 1978, we issued Decision No. 89317 authorizing an interim rate increase of \$90.3 million and adopting the rate design contained in PG&E's general rate case decision issued that same day.

As of the date of this motion, no hearings have been set for Phase 2 of Application No. 57978. On November 16, 1978, however, PG&E filed Application No. 58469 for authority to increase its gas rates under the Gas Cost Adjustment Clause, effective January 1, 1979. Application No. 58469 contains all the issues which are present in Phase 2 of Application No. 57978. In Application No. 58469, PG&E requests authority to modify the Gas Cost Balance Account to reflect carrying costs of gas in storage. Canadian gas deliveries estimated in Application No. 58469 are below the contract obligation level. Finally, PG&E in Application No. 58469 seeks to adjust gas rates to recover on a test year basis the full increase in gas costs.

The information on these issues in Phase 2 of Application No. 57978 has become stale with the passage of time. Updated information on all three issues is available in Application No. 58469 in connection with PG&E's showing in that case. PG&E submits that the three issues in Phase 2 of Application No. 57978 can be handled most effectively and efficiently in the proceedings on Application No. 58469.

No protests to the granting of PG&E's motion have been filed.

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Therefore, IT IS ORDERED that Phase 2 of Application No. 57978 is discontinued and the interim increase of \$90.3 million is made final. ✓

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 27th day of FEBRUARY, 1979.

John E. Bryan
President
James L. Sturgeon
Robert D. Goss
Alvin J. DeJong
Francis J. Quinn
Commissioners