

ORIGINAL

Decision No. 90440

JUN 19 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SAN DIEGO GAS & ELECTRIC
COMPANY for Authority to Increase
its Gas Rates and Charges
Pursuant to its Purchased Gas
Adjustment Clause, for Approval
of a Supply Adjustment Mechanism
Rate Adjustment, and for Approval
of Certain Tariff Revisions.

Application No. 58732
(Filed March 9, 1979)

Stephen A. Edwards and Jeffrey Lee Guttero,
Attorneys at Law, for San Diego Gas &
Electric Company, applicant.
John W. Witt, City Attorney, by William S. Shaffran,
Deputy City Attorney, for City of San Diego,
interested party.
Patrick J. Power, Attorney at Law, for the
Commission staff.

INTERIM OPINION AND ORDER

By this application San Diego Gas & Electric Company, applicant, requests authority to increase its natural gas rates as provided for in its Purchased Gas Adjustment Clause (PGA) and to adjust its rates as provided for in its Supply Adjustment Mechanism (SAM) procedure, both of which are on file with the Commission as required by previous Commission decisions. The PGA increase is to reflect a proposed change in the level of rates authorized to be charged applicant under rate Schedule G-61 of applicant's supplier, Southern California Gas Company (SoCal), as requested by SoCal in Application No. 58724 filed March 2, 1979. The SAM adjustment would effect a small decrease in applicant's revenue requirement.

On May 10, 1979, applicant filed a motion for interim rate relief based on the possibility that SoCal would be granted interim

relief through Application No. 58724. On May 22, 1979, the Commission granted SoCal an interim increase in gas rates of 3.075 cents per therm for all customers and customer groups except ammonia producers. A hearing on applicant's motion for interim relief was held in San Diego on May 23, 1979. This decision will address only applicant's May 10 motion. Further hearings will be scheduled to consider the remainder of applicant's request.

Evidence On Interim Relief

Applicant's case for interim relief was presented by a rate analyst who gave testimony and provided an exhibit on the effect of the SoCal interim increase on applicant's operating expenses. He recommended that the increased revenue requirement of \$18,122,073^{1/} per year be recovered through a uniform 3.15 cents per therm increase to all customers. An engineer for the Commission staff supported applicant's revenue requirement estimate and the uniform increase rate design. The engineer presented a comparison of the monthly bills that would be incurred by residential customers under various levels of therms billed. That comparison is attached hereto as Appendix A.

Several members of the public made statements concerning the effect of the proposed increase on their cost of living standards; these presentations were pointed in particular to lifeline and other low-volume users. The general consensus of the public present was that somehow the Commission must hold down the increases to retired persons on low, fixed incomes and those who must subsist on poverty level incomes.

Discussion

The record is clear that applicant will experience the increased gas cost noted above and must recover it through revenue increases in order to maintain the net revenue and earning positions found reasonable by the Commission in previous proceedings. The only

^{1/} The \$18,122,073 consists of a direct purchase cost increase of \$17,761,514 from the SoCal interim increase and a \$360,559 provision for franchise fees and uncollectibles.

point of controversy requiring discussion on the revenue increase required is whether applicant and the staff have correctly computed the amount of franchise fees and uncollectibles that should be added to the direct purchase cost increase. Under cross-examination by the representative for the San Diego City Attorney, applicant's rate analyst testified that the calculation is based on the relationship of gross fees and uncollectibles to gross revenue; there remains a question of whether this is a proper method since gross revenues include intercompany charges between the gas and electric departments. It would appear that for the purposes of an interim increase there will be no harm if a minor error exists. However, applicant should provide more detail and justification for these factors during the further hearings held on the remainder of applicant's request.

One further point requires discussion, and that is the matter of how a uniform cents-per-therm increase impacts on lifeline and nonlifeline residential customers and other retail customers. The uniform method will produce an increase on a yearly basis of 16.6 percent for residential lifeline, 11.4 percent for residential nonlifeline, and 12.7 percent for other retail. However, for the "summer" months of May through October, the staff exhibit shows that lifeline customers will pay only an additional 82 cents on an average bill of \$6.34 at present rates. (See Appendix A.) The final decision on the increases requested by applicant should be issued before the end of October. We urge applicant and the staff to carefully consider the impact of increases on the various classes of customers when developing their final rate designs for this proceeding. To preclude the possibility that the interim increase authorized by this decision may be unjustifiably adverse to any customer class, the revenues collected pursuant to the interim increase will be made subject to refund.

Findings of Fact

1. As authorized by the Commission, SoCal has increased its gas rates to applicant, San Diego Gas & Electric Company, by 3.075 cents per therm.

2. Applicant's rates must be increased by 3.15 cents per therm to recover the increase from SoCal plus the franchise fees and uncollectibles applicable thereto.

3. The interim increase authorized should be collected subject to ^{surcharge or} refund. SS

4. Because there is an immediate need for the authorized interim rate relief, the following order should be made effective the date hereof.

5. The increase in rates and charges authorized by this decision is justified and is reasonable; the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

Conclusions of Law

1. As requested in its motion filed May 10, 1979, applicant should be authorized to increase its rates to all customers by 3.15 cents per therm, (which results in an annual revenue increase of \$18.1 million).

2. All monies collected pursuant to this interim decision should be subject to refund pending final determination on reopened Application No. 57179.

IT IS ORDERED that:

1. After the effective date of this order, San Diego Gas & Electric Company is authorized to file revised rate schedules reflecting an increase for all classes of customers of 3.15 cents per therm (See Appendix B), and, concurrently, to withdraw and cancel its presently effective schedules. Such filing shall comply with General Order No. 96-A. The rates collected under the revised schedules shall be collected subject to ^{surcharge or} refund. SS

2. The effective date of the revised schedules authorized by Ordering Paragraph 1 shall be four days after the date of filing. The revised schedule shall apply only to service rendered on and after the effective date thereof.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 19th day of JUNE, 1979.

John E. Byron
President

Richard W. Powell
Chairman of the Board

James W. Smith
Commissioners

APPENDIX A

TABLE C

San Diego Gas & Electric Company
Gas Department

COMPARISON OF BILLS
AT PRESENT AND PROPOSED RATES

Schedule GR

Therms	Present <u>1/</u>	Proposed	Increase	
Billed	Rates	Rates	Amount	Percent

Summer
(May 1 to October 31)

0	\$ 1.40	\$ 1.40	\$ -	-%
26	6.34	7.16	0.82	12.9
81	19.82	22.38	2.56	12.9
162	43.31	48.42	5.11	11.8
300	88.38	97.84	9.46	10.7

Winter
(November 1 to April 30)

0	\$ 1.40	\$ 1.40	\$ -	-%
26	6.34	7.16	0.82	12.9
81	16.79	19.34	2.55	15.2
162	40.28	45.38	5.10	12.7
300	83.35	94.80	11.45	13.7

1/ Present rates are the rates effective
January 21, 1979 authorized by Decision
No. 89857.

A. 58732

APPENDIX B

Gas Department

Applicant's tariffs, rates and charges are changed to the level or extent set forth in this appendix.

<u>Tariff Rates</u> <u>Schedules GR, GM, GS, GT</u>	<u>Per Meter Per Month</u>	
	<u>Lifeline</u> <u>Rates</u>	<u>Non-lifeline</u> <u>Rates</u>
Customer Charge	\$1.70	\$1.70
<u>Commodity Charge</u>		
First 81 therms, per therm2443 ^{1/}	.2942
Next 81 therms, per therm	-	.3391
Over 162 therms, per therm	-	.3760

^{1/} 10% commodity rate discount for Schedule GS lifeline sales.
15% commodity rate discount for Schedule GT lifeline sales.

<u>Schedule GN-1</u>		
Customer Charge	-	1.70
Commodity Charge, per therm	-	.2815
<u>Schedule GN-2</u>		
Commodity Charge, per therm	-	.2815
<u>Schedule GN-3</u>		
Commodity Charge, per therm	-	.2768
<u>Schedule GN-4</u>		
Commodity Charge, per therm	-	.2768
<u>Schedule GN-5</u>		
Commodity Charge, per therm	-	.2815
Schedules GL-1 and GL-2 and special contracts to be increased commensurately	-	-