

ORIGINAL

Decision No. 91973

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. 59391
(Filed January 22, 1980;
amended February 13, 1980
and March 17, 1980)

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Company, applicant.
William S. Shaffran, Deputy City Attorney for
John W. Witt, City Attorney, for City of San
Diego; and Antone S. Bulich, Jr., Attorney
at Law, for California Farm Bureau Federation;
interested parties.
Thomas F. Grant, Attorney at Law, and Robert Weissman,
for the Commission staff.

OPINION AND ORDER

By this application San Diego Gas & Electric Company (SDG&E), applicant, requests authority to adjust its natural gas rates as provided for in its Purchased Gas Adjustment Clause (PGA) and its Supply Adjustment Mechanism (SAM) procedures, both of which are on file with the Commission as required by previous Commission decisions. In addition to those two adjustments SDG&E requests two further adjustments. One would be based on Decision No. 91201 of Southern California Gas Company (SoCal) dated January 8, 1980 which increased SoCal's charges to SDG&E under SoCal's Schedule G-61 which covers sales from SoCal to SDG&E; SoCal is SDG&E's major gas supplier.

The second is based on a Commission decision issued today in SoCal's Application No. 59508 filed on March 7, 1980; that decision grants SoCal a further adjustment in gas rates including wholesale sales to SDG&E under Schedule G-61. The rate increase authorized primarily reflects the net effect of the increased cost of gas from SoCal's natural gas suppliers and a decrease due to a rate adjustment under SoCal's SAM and gas exploration and development allowances procedures.

Hearing in this application was held before Administrative Law Judge Albert C. Porter on April 28, 29, and 30, 1980, and the matter was submitted.

The total increase requested by SDG&E in this application is \$34,701,000, a 12.1 percent increase in its gas rates. The increases as based on the four above-mentioned factors are as follows:

PGA Increase	\$29,293,000
SAM Decrease	-46,679,000
SoCal D.91201 Increase	11,016,000
SoCal A.59508 Increase	<u>31,071,000</u>
Total Net Increase	\$34,701,000

In addition to the above increases SDG&E proposes a new schedule of rates to be known as Schedules GN-36 and GN-46. These schedules would be applicable to sales to Priority 3 and 4 customers, respectively, who are capable of burning No. 6 fuel oil. These two new schedules are being proposed in accordance with Ordering Paragraph 8.c. of Decision No. 91235 dated January 15, 1980 ✓ in SDG&E's Application No. 58732, the decision which authorized SDG&E's present gas rates.

SDG&E proposes a cogeneration rate schedule in order to encourage customers to develop more efficient uses of natural gas. We will not consider the proposal in this proceeding because SDG&E, as requested by the Commission, will file a separate application proposing a cogeneration incentive gas rate to be considered along with similar applications by Pacific Gas and Electric Company and SoCal.

Testimony was received from SDG&E and the Commission staff concerning the revenue requirement as well as proposals for rate design. A staff accountant testified that the data used to determine the PGA and SAM account balances are presented fairly by SDG&E and are in conformance with the Commission's PGA and SAM procedures.

SDG&E proposes to combine its Tier II and Tier III residential rate classifications so that instead of four levels there will be three. Also, SDG&E proposes that rates per therm be stated in two digits instead of the current four. Both proposals were supported by the staff.

The rate designs recommended by SDG&E and the staff are based on the criteria set forth in Decision No. 91107, dated December 19, 1979 in Applications Nos. 58545 and 58546 of Pacific Gas and Electric Company. The general rate design criteria used by SDG&E and the staff in this proceeding and which we will adopt are:

- No increase in the monthly customer charge.
- A residential (Tier I) lifeline rate of about 80 percent of the system average rate.

- A residential Tier II (presently Tiers II and III) rate about equal to the system average rate excluding lifeline revenues and volumes.
- A residential Tier III (presently Tier IV) rate equal to about twice the lifeline rate.
- GN-1 and GN-2 rates equal to about the system average rate excluding lifeline revenues and volumes.
- GN-3 and GN-4 rates equivalent to the current cost of #2 fuel oil.
- A GN-5 rate equivalent to the cost to SDG&E of #6 low sulfur fuel oil.
- GN-36 and GN-46 (new) rates equivalent to the cost of #6 low sulfur fuel oil.

We will adopt the SDG&E evidence on rate design, determination of purchased gas adjustment revenue requirement, and supply adjustment amount (e.g., Exhibit 8 and attachments to the application) because it is more complete than the staff's and follows more closely the above rate design criteria. A summary of present and adopted rates is shown on Table 1.

Table 2 presents the estimated effect of the adopted rates on SDG&E's Gas Department. The increase will be \$34,701,000, a percentage increase of 12.1, on an annual basis. It should be noted that SDG&E proposes to recoup the PGA and SAM balancing accounts over a six-month period in lieu of the former one-year period. This causes a distortion when one tries to determine the increases on an annual basis. In the aggregate, for this particular application, the PGA and SAM balance accounts come close to cancelling each other out and therefore that distortion is minimized.

Table 1

Present, Proposed, and Adopted Rates

Item	Present Rates (1/20/80)	Changes Proposed By SDG&E				Adopted
		Decision: 91201(1)	PGA Balance	SAM Balance	SoCal Gas A.59508(4)	

Residential

Cust. Chg.	\$1.70	-	-	-	-	\$1.70
Tier I	.2563	.0098	.0431	(.0512)	.0220	.28
Tier II	.2942	.0207	.0431	(.0512)	.0532	.36
Tier III	.3643	.0207	.0431	(.0512)	(.0169)	.36
Tier IV	.4912	-	.0431	(.0512)	.0669	.55
Total (2)	.3089					.33

Other Retail

Cust. Chg.	\$1.70	-	-	-	-	\$1.70
GN-1	.3051	.0121	.0431	(.0512)	.0509	.36
GN-2	.3051	.0121	.0431	(.0512)	.0509	.36
GN-3	.4000	.0121	.0431	(.0512)	.0160	.42
GN-4	.4000	.0121	.0431	(.0512)	.0160	.42
SP 176 (3)	\$8.42	.2200	.8000	(.9500)	.7600	9.25
SP 186	.18576	.0121	.0431	(.0512)	.0409	.23
GN-36, 46 (new rates)						.39

Interdepartmental

GN-5	.3000	.0121	.0431	(.0512)	.0460	.35
Total (2)	.3150					.35

(Red Figure)

- (1) SoCal Gas, dated January 8, 1980.
- (2) Includes Customer Charge Revenue.
- (3) Per lamp per month.
- (4) Decision issued date of this decision.

Table 2

Effect on Revenue of Adopted Rates

Item	Sales Rates		Revenue		Revenue		Percent Increase
	Therms: (1000)	1/20/80: (1000)	Present: (1000)	Adopted: (1000)	Adopted: (1000)	Adopted: (1000)	
<u>Residential</u>							
Cust. Chg.	-	\$1.70	\$ 9,697	\$1.70	\$ 9,697	-	-%
GT Discount (1)	2,037	-	-	-	-	-	-
Tier I	280,227	.2563	71,822	.28	78,464	9.2	
Tier II	43,497	.2942	12,797	.36	15,659	8.0	
Tier III	54,895	.3643	19,998	.36	19,762		
Tier IV	<u>17,854</u>	<u>.4912</u>	<u>8,770</u>	<u>.55</u>	<u>9,820</u>	12.0	
Total	398,510	.3089	123,084	.33	133,402	8.4	
<u>Other Retail</u>							
Cust. Chg.	-	\$1.70	\$ 582	\$1.70	\$ 582	-	-%
GN-1	135,059	.3051	41,207	.36	48,621	18.0	
GN-2	16,067	.3051	4,902	.36	5,784	18.0	
GN-3	42,436	.4000	16,974	.42	17,823	5.0	
GN-4	23,961	.4000	9,584	.42	10,064	5.0	
SP 176	-	\$8.42	-	9.25	-	-	-
SP 186	36	.18576	1,611	.23	1,613	-	-
<u>Interdepartmental</u>							
GN-5	<u>295,135</u>	<u>.3000</u>	<u>88,541</u>	<u>.35</u>	<u>103,297</u>	16.7	
Total	911,204		\$286,485	.35	\$321,186	12.1	
Revenue Increase					\$ 34,701		

(1) Schedule GS to Receive 10 Percent Discount.
 Schedule GT to Receive 15 Percent Discount.

Findings of Fact

1. As authorized by the Commission in Decision No. 91201, SoCal increased its gas rates to applicant SDG&E.

2. As authorized by the Commission today in Application No. 59508, SoCal will further increase its gas rates to applicant SDG&E.

3. In accordance with procedures on file with and approved by the Commission, SDG&E requests rate adjustments to account for balances in its PGA and SAM accounts as of April 1, 1980 and an increase in rates to offset the SoCal increases authorized by Decision No. 91201 and the decision in Application No. 59508.

4. Properly noticed hearings in this application were held at which all interested parties had an opportunity to be heard.

5. The data used to determine the PGA and SAM account balances are presented fairly by SDG&E and are in conformance with the Commission's PGA and SAM procedures.

6. As a result of the increases and decreases mentioned in Findings 1, 2, and 3, SDG&E's rates must be adjusted in order to recover the net increases plus the franchise fees and uncollectibles applicable thereto.

7. The rate design proposed by SDG&E and shown on Table 1 of this decision is reasonable and should be adopted.

8. The estimated additional annual revenue as a result of the increases authorized herein will be approximately \$34,701,000, a 12.1 percent increase, over present revenues.

9. There is an immediate need for the rate relief authorized herein because SDG&E is already incurring the costs which will be offset by the rate increase authorized.

10. 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. SDG&E should be authorized to place into effect the increased rates found to be reasonable in the findings set forth above.

2. The effective date of this order should be the date hereof because there is an immediate need for rate relief.


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 the adopted rate design shown on Table 1 of this decision and concurrently withdraw and cancel its presently effective schedules. Such filings shall comply with General Order No. 96-A.


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


The effective date of this order is the date hereof.

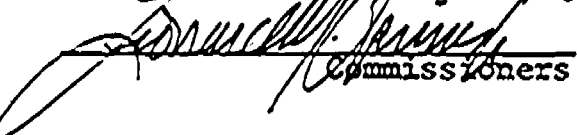
Dated JUL 2 1980, at San Francisco, California.



President








Commissioners