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FEB 18 1981

ORIGINAL

Decision No. 92714

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SOUTHERN CALIFORNIA GAS COMPANY for)
 authority to increase rates charged)
 by it for gas service. }

Application No. 59316
 (Filed December 11, 1979)

ORDER CORRECTING DECISION NO. 92497

It has come to our attention that the base sales level set forth in Decision No. 92497 dated December 5, 1980, as the starting point for evaluating Southern California Gas Company's (SoCal) 1981 conservation efforts was erroneously computed using estimated 1981 sales level instead of the 1978 recorded sales level recommended by staff which we intended to use.

Using the 1978 sales for residential, and P1 and P2A nonresidential customers, we have a base sales level of 436.5 Bcf instead of the 509.6 Bcf shown on page 43 of the decision. This change affects the remaining figures on page 43 of the decision. These changes are set forth on a revised page 43, attached hereto as Appendix A.

In addition to page 43, Findings of Fact 19 and 20 should now refer to a minimum goal of 59.7 Bcf instead of the 60.6 Bcf presently shown and Finding of Fact 21 should read 62.5 Bcf instead of 63.7 Bcf. Ordering Paragraph 10 should reflect a minimum energy conservation level of 59.7 Bcf instead of the 60.6 Bcf now shown.

Since we are correcting Decision No. 92947 to reflect the above changes in conservation goals, we will take this opportunity to correct a number of clerical errors which are the

result of either typographical errors or failure to pick up all changes due to late modification of the decision draft prior to signature. These corrections are set forth in the findings of fact below.

Findings of Fact

1. The base sales level set forth in Decision No. 92497 as the starting point for evaluating SoCal's 1981 conservation efforts was erroneously computed using an estimated 1981 sales level instead of the 1978 recorded sales level intended.
2. The correct base sales level is 436.5 Bcf instead of the 509.6 Bcf shown in Decision No. 92497.
3. Revised page 43 of Decision No. 92497 attached hereto as Appendix A reflects corrected figures resulting from our change in base sales level set forth in Finding of Fact 2.
4. Findings of Fact 19, 20, and 21 are in need of revision to reflect the changes set forth in Appendix A.
5. There are various clerical errors resulting from failure to carry through changes made in other parts of Decision No. 92497 and from typographical errors which need to be corrected.

Conclusion of Law

The changes noted in the Findings of Fact above should be made to Decision No. 92497.

IT IS ORDERED that:

1. Appendix A attached hereto shall be substituted for page 43 of Decision No. 92497 to reflect corrected figures on which we will base our evaluation of Southern California Gas Company's 1981 conservation effort.
2. Finding of Fact 19 shall be amended to read "A minimum goal of 59.7 Bcf in conservation savings by the end of 1981 can be achieved by concerted effort on SoCal's part".

3. Finding of Fact 20 shall be amended to read "Failure to meet the minimum goal of 59.7 Bcf will reflect lack of effort and commitment to our conservation goals and will be penalized".

4. Finding of Fact 21 shall be amended to read "An achievement of conservation savings greater than 62.5 Bcf at the end of 1981 would reflect superior effort on SoCal's part and would be deserving of a reward".

5. Ordering Paragraph 10, first sentence, shall be amended to read "SoCal shall accomplish a minimum energy conservation level of 59.7 Bcf by the end of the test year 1981". The remainder of Ordering Paragraph 10 remains unchanged.

6. On page 44 of Decision No. 92497 at line 14, the date March 31, 1981 shall be amended to read "March 31, 1982".

7. On page 83-84 the last sentence of the first paragraph shall be amended to read, "Consistent with our position in prior cases, we will authorize recovery of \$8,315,000 which represents the net expenditures requested by SoCal less the approximate amount of accumulated AFUDC."

8. On page 92a in line 2 of the second paragraph, the figure \$43 million shall be amended to read "\$45 million".

9. On page 125, column 1 (SoCal), the amount shown for CCFT shall be amended to read 564.0 and the amount shown for FIT shall be amended to read 146.9.

10. On page 125, column 2 (PLS), the amount for rate base shall be amended to read 331,683.4.

11. On page 126, column 1 (SoCal), the figure for Net Operating Revenues Adjusted shall be amended to read 123,664.5.

12. On page 151, Finding of Fact 2, second sentence, shall be amended to read "Such a rate of return will provide a return on equity of approximately 14.6 percent and a times interest coverage of approximately 2.41 for debt and a combined coverage factor for all interest and preferred stock dividends of 2.16 times". There are no other changes to Finding of Fact 2.

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

Dated FEB 18 1981, at San Francisco, California.

John E. Bryan

President
Michael D. ...

Thomas W. ...

Commissioners

APPENDIX A

adjusting its planning cycle to meet what was clearly a call for greater conservation.

To evaluate SoCal's 1981 effort, we will use a base sales level of 436.5 Bcf which is the staff's sales estimate for high priority (residential and P1 and P2A nonresidential) customers, plus SoCal's estimated conservation of 54.1 Bcf. A 20 percent increase by 1983 translates to an additional level of conservation for test year 1981 of 62.5 Bcf, which is an additional 8.4 Bcf over SoCal's projected savings for 1981. Such savings shall be exclusive of those savings which result from our order in OII No. 42 for establishment of solar demonstration projects which we expect will be separately funded and accounted for.

Should SoCal fail to save at least 59.7 Bcf^{1/} at the conclusion of the test year, it will be penalized \$1.0 million for each 1.1 Bcf it falls short of the goal for a maximum adjustment of \$5.0 million. There will be no penalty assessed if the conservation savings fall in the range of 59.7 - 62.5 Bcf. Should SoCal produce conservation savings in excess of our 62.5 Bcf goal, for each 1.1 Bcf above that level, a \$1.0 million reward will be earned to a maximum of \$5.0 million. These adjustments represent approximately a .026 percent increase (decrease) to our authorized rate of return for each 1.1 Bcf change in energy savings.

We do not expect to use this procedure routinely because of the obvious opportunity for utilities to estimate unduly conservative projected conservation savings. We use the method here because it appears a reasonable response to the concern that there is no standard against which to measure reward or penalty for achievement in the conservation arena. We establish it here, for this proceeding only, because SoCal has not developed concrete goals of its own from which to work. Should we see this condition

^{1/} This equals SoCal's 1981 projected conservation level of 54.1 Bcf plus approximately two-thirds of the additional conservation achievement needed in 1981 to achieve a conservation level of 62.5 Bcf.