

ORIGINAL

Decision : 93257

JUL 7 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's
 own motion into a natural gas
 supply adjustment mechanism for
 Pacific Gas and Electric Company,
 San Diego Gas & Electric Company,
 Southern California Gas Company,
 Southwest Gas Corporation, and
 California-Pacific Utilities
 Company, respondents.

Case 10261
 (Filed February 15, 1977)

FINAL OPINION AND ORDER
TERMINATING PROCEEDING

In Interim Decision (D.) 88835 dated May 16, 1978, Case (C.) 10261, Order Instituting Investigation (OII) into a natural gas supply adjustment mechanism (SAM) for the natural gas public utilities, we ordered:

- "1. Within thirty days of the effective date hereof, each respondent is ordered to file, under General Order No. 96-A, the Supply Adjustment Mechanism set forth in Appendix B. The effective date of said adjustment mechanism shall be not earlier than June 1, 1978 nor later than January 1, 1979.
- "2. In its initial filing for rate change under the Supply Adjustment Mechanism procedure, each utility shall include a proposal for consolidating the Supply Adjustment Mechanism with its purchased gas adjustment clause.
- "3. Case No. 10261 shall remain open."

Gas utility offset rate filings, under our adopted SAM procedure, raised issues about possible differences among the gas utilities in their implementation of SAM.

By D.90822 dated September 12, 1979 in Application 58724, Southern California Gas Company's request to increase rates under its Purchased Gas Adjustment procedure and to decrease rates under SAM, we ordered that:

"SoCal shall initiate the formation of a committee under the general case for SAM, C.10261, to develop consistent balancing account procedures for all gas utilities. This is in view of the disparity in procedures among the various gas utilities utilizing SAM balancing accounts. This committee shall consist of representatives of the gas utilities and Commission staff and shall meet within sixty days from the effective date of this order."

The statewide SAM Committee issued its report dated June 30, 1980 with the unanimous approval of its members. It made recommendations on general methodologies and on procedures to accomplish consistent balancing account procedures for all gas utilities.

By Resolution G-2406, adopted January 6, 1981, we ordered that:

- "1. The report of the Statewide Supply Adjustment Mechanism Committee is accepted without prejudice effective this day.
- "2. Each gas utility shall implement the recommendations of the statewide SAM Committee report in the next offset proceeding except for any F & U expense recovery or gross gas purchases net of storage adjustments caused by the SAM procedure and the amortization period for the balancing accounts.
- "3. Each gas utility shall submit evidence and testimony relating to any F & U expense recovery, gross gas purchases net of storage, and change in amortization period for the balancing accounts in the next offset proceeding to enable the Commission to make a decision on this matter."

We left C.10261 open in D.88835 because we concluded that circumstances could require the implementation of SAM balancing accounts before January 1, 1979 and that we may need to modify the operation of SAM based upon our experience over the first 18 months of operation.

Both times have past. SAM has been implemented. We have accepted the SAM Committee Report without prejudice and have requested the gas utilities to implement recommendations in their SAM procedures as applicable. It is not necessary for C.10261 to remain open.

Conclusions of Law

1. By administrative law judge's letter dated April 28, 1981, all appearances in this proceeding were notified about the proposal to terminate C.10261 and were given 15 days to file any protest. No protest has been received. A public hearing is not necessary.

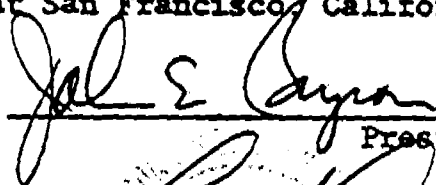
2. The OII proceeding in C.10261 should be terminated.

IT IS ORDERED that Ordering Paragraph 3 in D.88835 is modified to read as follows:

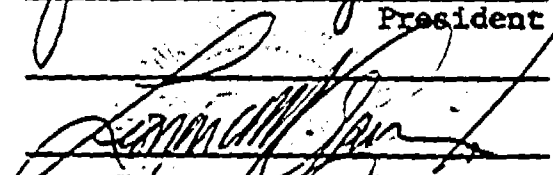
The proceeding in Case 10261 is terminated.

This order becomes effective 30 days from today.


Dated JUL 7 1981, at San Francisco, California.



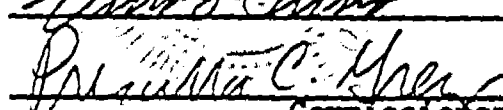
President



Commissioner



Commissioner



Commissioners

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.