

JUN 25 1997

Decision 97-06-095 June 25, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-M) to Implement a Market Indexed Capital Adjustment Mechanism (MICAM) for the determination of its Annual Cost of Capital; To exempt it from participation in the Annual Cost of Capital Proceeding; and for Related Substantive and Procedural Relief.

ORIGINAL

Application 95-10-035
(Filed October 27, 1995)

ORDER CLOSING PROCEEDING

Decision (D.) 96-06-055 approved a Market Indexed Capital Adjustment Mechanism (MICAM) for San Diego Gas & Electric Company (SDG&E). Among other things, D.96-06-055 approved SDG&E's proposals that the continued viability of MICAM be reviewed during the third year of its operations and that SDG&E's capital structure be reviewed at that time. It ordered SDG&E to report in March 2000 on the performance of MICAM and to recommend any necessary modifications. (D.96-06-055, Ordering Paragraph 1.g.) It further ordered that this proceeding shall remain open for consideration of SDG&E's report and to determine an appropriate capital structure for SDG&E for 2001 and beyond. (*Id.*, Ordering Paragraph 4.)

On April 28, 1997 the assigned Administrative Law Judge (ALJ) issued a ruling which recited the foregoing background and which further stated:

"With the enactment of Senate Bill (SB) 960 (Stats. 1996, Ch. 856), the Commission is subject to a legislative policy that provides for resolution of proceedings within 18 months. (SB 960, Section 1.) Accordingly, it appears that this proceeding should be closed at this time.

"In the absence of substantive objection to the contrary, I plan to place a proposed order before the Commission which would modify D.96-06-055 as follows:

"(1) Delete current Ordering Paragraph 4.

- "(2) Add a new Ordering Paragraph 4 which would require SDG&E to file an application for review of the MICAM and to establish a revised capital structure for 2001 and future years."

The ruling provided that comments on the proposed modification to D.96-06-055 could be filed within 20 days of the date of the ruling. No responses were received by the Commission. We find it is appropriate to modify D.96-06-055 and close this proceeding as proposed by the ALJ.

Findings of Fact

1. The ALJ's ruling provided parties with notice and opportunity to be heard on the modifications to D.96-06-055 which are under consideration herein. No party responded to the ALJ's ruling.
2. SB 960 established a legislative policy providing for resolution of Commission proceedings within 18 months.
3. The Commission's objectives in D.96-06-055 for a review of the MICAM experiment can be achieved by closing this proceeding and requiring SDG&E to file an application to initiate the review.

Conclusions of Law

1. D.96-06-055 should be modified to require SDG&E to file an application to initiate the planned review of the MICAM experiment and to update SDG&E's capital structure.
2. This proceeding should be closed.

IT IS ORDERED that:

1. Ordering Paragraph 4 of Decision 96-06-055 is deleted and replaced by the following Ordering Paragraph 4:

"Not later than March 2000, San Diego Gas & Electric Company shall file an application for review of the MICAM and to establish a revised capital structure for 2001 and future years. The application shall include the report which is required by Ordering Paragraph 1.g."

A.95-10-035 ALJ/MSW/bwg

2. This proceeding is closed.

This order is effective today.

Dated June 25, 1997, at San Francisco, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners