

ALJ/VDR/jva

Mailed 12/17/98

Decision 98-12-051 December 17, 1998

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SOUTHERN  
CALIFORNIA GAS COMPANY to Adopt  
Performance Based Regulation (PBR) for Base  
Rates to be Effective January 1, 1997.

Application 95-06-002  
(Filed June 1, 1995)

Order Instituting Rulemaking to Review the Time  
Schedules for the Rate Case Plan and Fuel Offset  
Proceedings.

Rulemaking 87-11-012  
(Filed November 13, 1987)

**O P I N I O N**

Decision (D.) 97-06-064 requires Southern California Gas Company (SoCalGas) to refund to ratepayers through the Catastrophic Event Memorandum Account (CEMA) insurance proceeds for claims filed for reimbursements of capital costs and restoration of earthquake-damaged plant facilities. That decision conflicts with D.97-07-054 in the SoCalGas Performance-Based Ratemaking (PBR) docket, Application (A.) 95-06-002.

SoCalGas filed an application for rehearing in the CEMA proceeding, A.94-12-006, to correct the inconsistency. In D. 98-02-116, we ordered the PBR proceeding to be "reopened for the limited purpose of considering appropriate corrective changes to the adopted base margin requirements to eliminate any double counting of (Northridge earthquake damage) insurance proceeds." SoCalGas submitted a Petition for Modification of D.97-07-054 in the PBR proceeding in accordance with that order.

By ruling dated May 22, 1998, the Administrative Law Judge (ALJ) required SoCalGas to make the necessary evidentiary showing by filing a

declaration, along with any necessary exhibits, to show that SoCalGas had in fact credited its rate base with insurance proceeds in a manner inconsistent with the treatment of those proceeds in D.97-06-064. SoCalGas timely filed this declaration. Neither the Petition for Modification nor the evidentiary filing is opposed by any party.<sup>1</sup>

The material filed by SoCalGas demonstrates that \$6,768,789.56 of earthquake insurance proceeds was credited to rate base during the 1995 to early-1997 time period. Therefore, we will grant SoCalGas' petition, and order D.97-07-054 to be modified to authorize SoCalGas to increase the rate base in A.95-06-002 in the amount of that sum, i.e., restore the \$6.8 million previously credited to rate base.

We will also grant SoCalGas' request that it be authorized to establish a CEMA Double Refund Tracking Account to record the revenue shortfall. The 1998 revenue requirement shortfall recorded in the tracking account and the rate base increase should be incorporated in SoCalGas' 1998 BCAP (Biennial Cost Allocation Proceeding) update.

#### **Findings of Fact**

1. D.97-06-064 requires SoCalGas to refund to taxpayers, through CEMA, insurance claims filed for reimbursement of capital costs and restoration of earthquake-damaged plant facilities.
2. D.97-07-054 in this proceeding conflicts with D.97-06-064 with respect to the treatment of these sums.

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<sup>1</sup> Counsel for the Office of Ratepayer Advocates (ORA) advised the ALJ informally that ORA had reviewed the material, and that it did not intend to oppose or influence the proposed outcome in any way.

3. SoCalGas has credited \$6,768,789.56 of earthquake insurance proceeds to rate base during the 1995 to early-1997 time period.

**Conclusions of Law**

1. D.97-07-054 should be modified by allowing SoCalGas to increase the rate base in A.95-06-002 in the amount of \$6,768,789.56.
2. SoCalGas should be authorized to establish a CEMA Double Refund Tracking Account.

**O R D E R**

**IT IS ORDERED** that:

1. Southern California Gas Company's (SoCalGas) Petition for Modification of Decision 97-07-054 in Application (A.) 95-06-002 is granted.
2. SoCalGas is authorized to increase the rate base in A.95-06-002 in the amount of \$6,768,789.56.
3. SoCalGas is authorized to establish a Catastrophic Event Memorandum Account Double Refund Tracking account.
4. A.95-06-002 is closed.

This order is effective today.

Dated December 17, 1998, at San Francisco, California.

RICHARD A. BILAS  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners