

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2965
September 25, 1991

R E S O L U T I O N

RESOLUTION G-2965. SOUTHERN CALIFORNIA GAS COMPANY
REQUEST TO RECOVER IN A NON-INTEREST BEARING MEMORANDUM
ACCOUNT THE REVENUE SHORTFALL CAUSED BY ITS ERROR OF
OMISSION IN ADVICE LETTER 1985-A.

BY ADVICE LETTER 2052, FILED ON JUNE 10, 1991

SUMMARY

1. Southern California Gas Company (SoCalGas) was authorized by Resolution G-2938 to collect the additional Federal Income Taxes (FIT) incurred in 1990 as a result of the flow-through of the 1990 California Corporate Franchise Tax (CCFT) in Decision (D) 89-11-058 and an adjustment to working cash caused by the change in FIT. This revenue was not included in D. 90-01-016.
2. SoCalGas erred in not including the effects of these decisions and Resolution G-2937 in Advice Letter 1985-A and consequently it was not included in the authorized revenues in Resolution G-2938 for that Advice Letter. On June 10, 1991, SoCalGas filed this Advice Letter (2052) seeking to correct this error. It sought to recover only six months of the twelve months revenue for July 1, 1991 through December 31, 1991.
3. This Resolution grants the request but only allows SoCal Gas to recover the revenues from October 1, 1991 through December 31, 1991. SoCalGas sought to recover \$1,159,000 of the total error of \$2,317,000. This Resolution authorizes the recovery of \$579,500.

BACKGROUND and DISCUSSION

1. SoCalGas' error was to incorrectly adjust the base from its 1990 Test Year when preparing its 1991 Attrition filing for Advice Letter 1985-A. The Commission Advisory & Compliance Division (CACD) did not observe the error and correct it at that time and Resolution 2938 was issued relying upon SoCalGas' erroneous filing. SoCalGas did correctly recover the 1990 tax effect by Advice Letter 1984 and Resolution G-2937 but this change to the 1990 Test Year was omitted when calculating the 1991 Attrition.

2. SoCalGas' current filing implicitly recognizes that to seek recovery of the full amount would constitute retroactive ratemaking. Although SoCalGas requested expedited treatment of the advice letter the Commission is only now able to resolve this issue and can only order rate recovery prospectively.

3. SoCalGas proposes to recover this revenue in a non-interest bearing memorandum account.

PROTESTS

1. This letter was not protested. CACD did consult with the Division of Ratepayer Advocates and they jointly concur that the calculations in support of SoCalGas' correction of its error are now correct and that SoCalGas should have filed for \$2,317,000 in its 1991 Attrition.

FINDINGS

1. SoCalGas erred by omitting \$2,317,000 in its 1991 Attrition.

2. SoCalGas has correctly filed for a correction of that error and recovery in a non-interest bearing memorandum account.

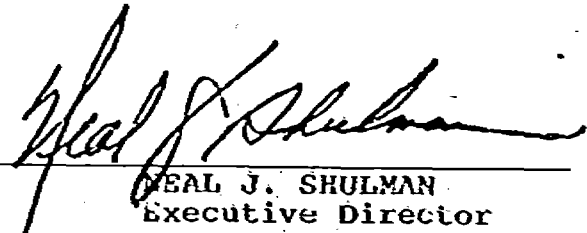
3. The Commission can only grant prorata prospective recovery of \$579,500 for the remaining three months of Attrition Year 1991. SoCalGas should recover this amount.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company is Ordered to file by Supplemental Advice Letter a non-interest bearing memorandum account to recover \$579,500 in its next General Rate Proceeding or Attrition the correction of its error in the 1991 Attrition for Federal Income Taxes as authorized originally in Decisions 90-01-016 and 89-11-058.
2. Southern California Gas Company shall file within five days of the effective date of this Resolution its supplemental advice letter to comply with this Resolution and to be effective no sooner than October 1, 1991.

This Resolution is effective Today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 25, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
JOHN B. CHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

I abstain

G. MITCHELL WILK
Commissioner