

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3230
FEBRUARY 19, 1998**

RESOLUTION

RESOLUTION G-3230. SOUTHERN CALIFORNIA GAS COMPANY (SOCALGAS) REQUESTS APPROVAL TO CHANGE AN EXISTING MEMO ACCOUNT TO A TRACKING ACCOUNT TO RECORD PAST SAVINGS RESULTING FROM THE ZONE CREDIT LIMITATION. REQUEST APPROVED WITH MODIFICATION.

BY ADVICE LETTER 2593, FILED ON MAY 27, 1997.

SUMMARY

1. By Advice Letter (AL) 2593, Southern California Gas Company (SoCalGas) seeks approval to rename or change the existing Zone Rate Credit Limitation Memorandum Account (ZRCLMA) to Zone Rate Credit Limitation Tracking Account (ZRCLTA). The ZRCLTA will capture the difference between collections from customers to defray the authorized zone rate credit revenue requirement and the actual zone rate credits provided to eligible customers. The balance in this account will later be amortized in rates when amortization of outstanding balances in the regulatory accounts is requested.
2. There were no protest to Advice Letter 2593.
3. SoCalGas' request is approved with modification. SoCalGas will provide detailed working papers to support the monthly calculation of the amount to be credited to the ZRCLTA for the period from January 1, 1995 to May 31, 1997 including the applicable interest.

BACKGROUND

1. Decision (D).94-12-052, in SoCalGas' 1993 Biennial Cost Allocation Proceeding (BCAP), authorized SoCalGas to recover from all customers the revenue requirement, the costs of providing zone rate credits to eligible intrastate shippers at the Wheeler Ridge interconnection. In D.95-04-078, SoCalGas was ordered to establish "a memorandum account to record the difference between the zone rate credits actually awarded and the credits that would have been

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given in the absence of the credit limitation" because the Commission found that "the zone rate credit applicable to volumes entering SoCalGas' system at Wheeler Ridge should not exceed the access rate for Wheeler Ridge Service."

2. In D.97-04-082, SoCalGas' 1996 BCAP decision, the Commission ordered SoCalGas to show how past savings resulting from the difference between the zone rate credit revenue requirement being collected in rates from other customers and the actual zone rate credits provided to eligible customers have been or will be returned to ratepayers.

3. On May 27, 1997 SoCalGas filed Advice Letter 2593 to comply with D.97-04-082. SoCalGas wants to calculate the difference between collections from all customers to defray the authorized zone rate credit revenue requirement and the amount of actual zone rate credits provided to eligible customers during the period from January 1, 1995 and May 31, 1997, less the amount already being amortized in rates. SoCalGas states that the result of this exercise will be reported to the Commission within 90 days of approval of its proposal.

NOTICE

1. Notice of AL 2593 was made by publication in the Commission's calendar and by mailing copies of the filing to adjacent utilities and interested parties in accordance with Section III of General Order (GO) 96-A.

PROTEST

1. There were no protests to Advice Letter 2593.

DISCUSSION

1. The Energy Division (ED) has reviewed SoCalGas' request in Advice Letter 2593 and prior Commission decisions related to SoCalGas' proposal including SoCalGas' letter dated January 15, 1998.

2. SoCalGas proposes to calculate the difference between collections from all customers to defray the authorized zone rate credit revenue requirement and the amount of zone rate credits provided to eligible customers less the amount already amortized in rates pursuant to D.97-04-082 to determine the amount to return to customers. This calculation is different from the Commission order in D.95-04-078. Ordering Paragraph (OP) 2 of that decision states "SoCalGas shall establish a memorandum account to record the difference between the zone rate credits actually awarded and the credits that would have been given in the absence of the credit limitation. The balance in this account shall be credited to ratepayers."

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3. On April 28, 1995 SoCalGas filed Advice Letter 2410 requesting the approval of Zone Rate Credit Limitation Account (ZRCLA) "to record the difference between the zone rate credit, as established in D.94-12-052, and the actual zone rate credit provided to customers pursuant

to the zone rate credit capping mechanism adopted in D.95-04-078." The entries to the account are: "A credit equal to the maximum zone rate credit of 0.348 cents/per therm times the eligible volumes and a debit entry equal to the actual zone credit provided to customers."

4. The zone rate credit established in D.94-12-052 was the basis for determining the zone rate credit revenue requirement to be collected from other customers. The actual zone rate credit total may be lower than the amount of revenue requirement being collected in rates from other customers. D.97-04-082 orders SoCalGas to show how it plans to return this difference or savings to customers.

5. The ED recommends that SoCalGas file an advice letter within 90 days of approval of this Resolution, showing the monthly calculation of the amount of past savings that would have been credited to ZRCLA from January 1, 1995 to May 31, 1997 including monthly interest that would have been applied. SoCalGas' proposal is reasonable as modified.

6. SoCalGas should continue to comply with the Commission order in D.94-07-078 by crediting any differences between the zone rate credit established in D.97-04-082, and the actual zone rate credit provided to customers pursuant to zone rate credit limitation to the ZRCLA.

FINDINGS

1. SoCalGas filed AL 2593 on May 27, 1997 requesting that the ZRCLMA be renamed as ZRCLTA to record the difference between collections from all customers to defray the authorized zone rate credit revenue requirement and the amount of zone rate credits provided to eligible customers from January 1, through May 31, 1997.

2. D.94-12-052 established a zone rate credit for eligible volumes through Wheeler Ridge and allowed the zone rate revenue requirement to be collected from other customers.

3. D.95-04-078 limited the zone rate credit to the amount of the access charge for Wheeler Ridge and ordered SoCalGas to establish a ZRCLMA to capture any difference resulting from the limitation so that it can be returned to ratepayers.

4. By Advice Letter 2410, filed on April 28, 1995, SoCalGas complied with the decision.

5. D.97-04-082 ordered SoCalGas to show how past savings from the difference between the zone rate credit revenue requirement being collected in rates and the actual zone rate credits

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provided to eligible customers.

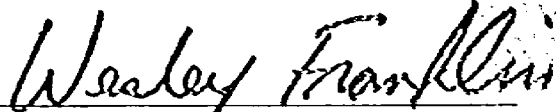
6. SoCalGas should continue to credit the difference between the zone rate credit established in D.97-04-082, and the actual zone rate credit provided to customers pursuant to zone rate credit limitation to the ZRCLTA.
7. SoCalGas should file an advice letter showing the monthly calculations of the amount of savings that would have been posted to the ZRCLMA or ZRCLTA from January 1, 1995 through May 31, 1997 including interest with supporting details.

THEREFORE IT IS ORDERED THAT:

1. Southern California Gas Company's (SoCalGas') Advice Letter 2593 is approved with this modification:

Within 90 days of approval of this Resolution, SoCalGas shall file an advice letter showing the monthly calculation of the difference between collections from all customers to defray the authorized zone rate revenue requirement and the amount of zone rate credits actually provided to eligible customers from January 1, 1995 through May 31, 1997 with the applicable interest.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 19, 1998. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director
Richard A. Bilas, President
P. Gregory Conlon
Jessie J. Knight
Henry M. Duque
Josiah L. Neeper
Commissioner