

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3232
FEBRUARY 19, 1998**

RESOLUTION

RESOLUTION G-3232. SOUTHERN CALIFORNIA GAS COMPANY (SOCALGAS) REQUESTS APPROVAL TO TRANSFER THE BALANCE IN THE NCO SHORTFALL MEMORANDUM ACCOUNT (NSMA) TO THE CORE FIXED COST ACCOUNT (CFCA) FOR RECOVERY FROM CORE CUSTOMERS BEGINNING JANUARY 1, 1998. APPROVED WITH MODIFICATION.

BY ADVICE LETTER 2622, FILED ON AUGUST 27, 1997.

SUMMARY

1. By Advice Letter (AL) 2622 Southern California Gas Company (SoCalGas) seeks approval to transfer the balance of \$426,136.91 in the NCO Shortfall Memorandum Account (NSMA) to the Core Fixed Cost Account (CFCA) for recovery from core customers beginning January 1, 1998.
2. There were no protest to Advice Letter 2622.
3. SoCalGas' request is approved because the amount has been calculated in compliance with Commission decisions. It should close the NSMA by removing it from the list of approved memo accounts.

BACKGROUND

1. Decision (D).97-05-099, among other things, adopted interim rates for Gas Engine and Gas Air Conditioning customer classes other than the rates authorized in D.97-04-082. D.97-05-099 also granted a stay of the rate increase to Gas Engine and Air Conditioning customers in Application (A.) 96-03-031, SoCalGas' 1996 Biennial Cost Allocation Proceeding (BCAP) pending further review of SoCalGas' petition to modify D.97-04-082. The rates went into effect June 1, 1997. In addition, D.97-05-099 ordered SoCalGas to establish a memorandum account to record the resulting revenue shortfall from the rate differential. The shortfall is the difference between revenues collected using the rates authorized by D.97-05-099 and revenues that would have been collected under the rates adopted by D.97-04-082 for Gas Engine and Air

February 19, 1998

Conditioning customer classes.

2. On May 30, 1997 SoCalGas filed Advice Letter 2596, to establish the NCO Shortfall Memorandum Account (NSMA) in compliance with D.97-05-099. SoCalGas states that as of July 31, 1997 the balance in the account amounts to \$426,136.91 and projects that the final balance will not exceed \$500,000 including interest at the time of the transfer to the CFCA.

NOTICE

1. Notice of AL 2622 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 2622.

DISCUSSION

1. The Energy Division (ED) has reviewed SoCalGas' request in Advice Letter 2622. SoCalGas also provided additional information to support the development of the monthly posting to the account as requested by ED.

2. SoCalGas requests that the revenue shortfall resulting from the rate differential between rates effective June 1, 1997 under the BCAP decision and the interim rates adopted for the Air Conditioning and Gas Engine customers be transferred to the CFCA. This is appropriate because the issue that created the memo account had been resolved. SoCalGas states that as of December 31, 1997 the balance in the account amounts to \$489,516.00. We recommend that SoCalGas' request be granted with a slight modification.

3. SoCalGas did not request the closing of NSMA after the transfer of the balance. It is reasonable to close the account because it is no longer needed. It has served the purpose for which it was created. SoCalGas should indicate in the CFCA that the amount transferred came from a closed NSMA and the date the account was closed after removing the NSMA from the list of approved memo accounts.

FINDINGS

1. SoCalGas filed Advice Letter 2622 on August 27, 1997 requesting that the final balance in NSMA be transferred to the CFCA and recovered from core customers beginning January 1, 1998.

February 19, 1998

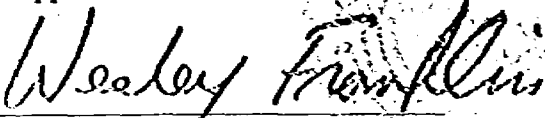
2. In D.97-05-099, the Commission ordered SoCalGas to establish NSMA when it granted SoCalGas' petition for a stay of the rate increase to Gas Engine and Gas Air Conditioning customers adopted in D.97-04-082.
3. The NSMA captures the revenue shortfall resulting from the adopted rates in D.97-04-082 and the interim rates authorized in D.97-05-078 for the Gas Engine and Gas Air Conditioning customers.
4. SoCalGas states that the final balance in the NSMA will not exceed \$500,000.
5. It is appropriate to close the NSMA and to provide documentation in the CFCA after the transfer to show that the amount is from a closed memorandum account authorized by the Commission.

THEREFORE IT IS ORDERED THAT:

1. Southern California Gas Company (SoCalGas) Advice Letter 2622 is approved with modification:

SoCalGas shall close the NCO Shortfall Memorandum Account (NSMA) and indicate in the Core Fixed Cost Account (CFCA) after the transfer that the amount is from a closed memorandum account authorized by the Commission.

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, Jr.
Henry M. Duque
Josiah L. Neeper
Commissioners