

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

Application of Southern California Gas)
Company (U 904 G) for Authority to: (i))
Adjust its Authorized Return on Common)
Equity, (ii) Adjust its Authorized Embedded)
Costs of Debt and Preferred Stock, (iii))
Decrease its Overall Rate of Return, and (iv))
Revise its Gas Rates Accordingly, and for)
Related Substantive and Procedural Relief.)

Application 12-04-017

**SOUTHERN CALIFORNIA GAS COMPANY
MOTION FOR STAY**

KIM F. HASSAN
JOHNNY J. PONG

Attorneys for
SOUTHERN CALIFORNIA GAS COMPANY

555 West Fifth Street, GT14E7
Los Angeles, California 90013-1011
Telephone: (213) 244-3061
Facsimile: (213) 629-9620
E-mail: khassan@semprautilities.com

April 24, 2012

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

Application of Southern California Gas)
Company (U 904 G) for Authority to: (i))
Adjust its Authorized Return on Common)
Equity, (ii) Adjust its Authorized Embedded)
Costs of Debt and Preferred Stock, (iii))
Decrease its Overall Rate of Return, and (iv))
Revise its Gas Rates Accordingly, and for)
Related Substantive and Procedural Relief.)
_____)

Application 12-04-017

**SOUTHERN CALIFORNIA GAS COMPANY
MOTION FOR STAY**

I. INTRODUCTION

Pursuant to Rule 11.1 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas” or “Company”) files this Motion¹ for Stay (“Motion”) and respectfully requests the relief contained herein.

II. PROCEDURAL BACKGROUND

Since 1997, SoCalGas has operated under a cost of capital automatic adjustment mechanism called the Market-Indexed Capital Adjustment Mechanism (“MICAM”). The Commission authorized SoCalGas’ MICAM in the Performance Based Ratemaking (“PBR”) Decision (“D.”) 97-07-054. The MICAM utilizes two factors based on movements in the 30-year United States Treasury bond yield to trigger a change in SoCalGas’ cost of capital. Pursuant to

¹ This Motion for Stay is filed concurrently with SoCalGas’ Application for Authority to: (i) Adjust its Authorized Return on Common Equity, (ii) Adjust its Authorized Embedded Costs of Debt and Preferred Stock, (iii) Decrease its Overall Rate of Return, and (iv) Revise its Gas Rates Accordingly, and for Related Substantive and Procedural Relief (“Cost of Capital Application”).

D.97-07-054, upon a MICAM triggering event, SoCalGas files an advice letter in October of that year to implement the rate adjustment for the following year, beginning January 1.²

The Company previously petitioned to suspend its MICAM in 2002 and 2009, and requested that the Commission reevaluate the appropriateness of the Treasury bond as a benchmark. Although the Commission denied both petitions, the Commission did not preclude SoCalGas from addressing its MICAM in the future. Most recently, SoCalGas stated its intent to re-address its MICAM in the next state-wide utility cost of capital proceeding in its 2012 Test Year General Rate Case (“GRC”).

Since its inception, SoCalGas’ MICAM has triggered twice. The first trigger occurred in October 2002. As a result of that trigger and as required by D.07-07-054, SoCalGas filed Advice Letter 3199 in October 2002 to update its cost of capital, and reducing its return on equity (“ROE”) from 11.60% to 10.82%, and reducing its rate of return (“ROR”) from 9.49% to 8.68%.³ Due to the subsequent slow economic recovery since 2008, SoCalGas’ MICAM triggered again in January 2012, thereby requiring SoCalGas to file an Advice Letter in October 2012 to adjust its ROE and ROR, to become effective January 1, 2013.

III. REQUESTED RELIEF

Concurrent with this motion, SoCalGas is filing a 2013 Cost of Capital Application. Given that the Commission’s decision for SoCalGas’ Test Year 2013 cost of capital will establish an ROE and ROR effective January 1, 2013, the Commission’s final adopted cost of capital for SoCalGas should supersede the October 2012 Advice Letter’s adjustments to SoCalGas’ cost of capital, which would also be effective January 1, 2013. Therefore, because of the pendency of SoCalGas’ Cost of Capital Application, the Company respectfully requests that

² D.97-07-054 at Ordering Paragraph 7.

³ Advice Letter 3199 was amended by Advice Letter 3199-A, filed on November 20, 2002.

the Commission issue a ruling to stay D.97-07-054's requirement that SoCalGas file an October 2012 Advice Letter.

The Company believes that there is good cause to grant the Motion. Stay will help ensure that there is no confusion by the public, ratepayers, or the financial markets that the Commission's decision in the Test Year 2013 cost of capital proceeding will determine SoCalGas' new ROE and ROR, effective January 1, 2013. In addition, SoCalGas believes that there is good cause to grant the Company's Motion because granting a stay will reduce the administrative resources and burdens on the Commission and Energy Division Staff involved with receiving, reviewing, and approving two separate advice letters governing the same effective date. Furthermore, there is no prejudice or potentially adverse impact to customers if a stay is granted because the Commission's cost of capital decision will ultimately determine the Company's cost of capital, ROE and ROR, which will be effective January 1, 2013.

For all these reasons, SoCalGas respectfully requests that the Commission grant the relief requested in this Motion.

Respectfully submitted,

By: /s/ Kim Hassan
Kim Hassan

KIM F. HASSAN

Attorney for
SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, GT-14E7
Los Angeles, California 90013
Telephone: (213) 244-3061
Facsimile: (213) 629-9620
E-mail: KHassan@semprautilities.com

April 24, 2012