

*

RETURN TO GAS BRANCH

The Committee recommends that the F & U percentage rate adopted in the utility's last general rate case proceeding be utilized when calculating F & U in the offset proceedings.

The Committee recommends that all gas utilities utilize "gross gas purchases net of storage" in calculating their SAM authorized gas margin. The affected gas utility should make an appropriate adjustment to its SAM balancing account balance.

The Committee recommends that the Commission continue its recognition of the need to minimize large PGA/SAM under or overcollections by permitting a six month amortization of the balancing accounts if such application is made by the utility.

The Committee recommends that gas utilities should modify their SAM/PGA procedure to avoid any F & U shortfall or windfall. An appropriate adjustment be made to the SAM balancing account of the utility to correct for any deficiency due to the SAM procedure for the time from CPUC Decision No. 88835 through the effective date of such modification.

The Committee realizes and understands that any adjustments to balancing accounts or adoption of a six month amortization period should be done only after consideration in a submitted proceeding.

The staff recommends that the report of the Committee be accepted without prejudice and be available as an exhibit in the utility's next offset proceeding.

Attached is the letter of transmittal which includes a summary of the report. If any of the Commissioners wish a copy of the report, please advise the Chief Gas Engineer, G. L. Way (7-3310).

The attached Resolution No. G-2406 has been prepared for approval and adoption by the Commission.

SOUTHERN CALIFORNIA  COMPANY RETURN TO GAS BRANCH

810 SOUTH FLOWER STREET • LOS ANGELES, CALIFORNIA

R. M. LOCH
Vice President

Mailing Address BOX 3249 TERMINAL ANNEX, LOS ANGELES, CALIFORNIA 90051

June 30, 1980

FILED
PUBLIC UTILITIES COMMISSION

JUL 2 1980

SAN FRANCISCO OFFICE

NO. 58724

Mr. Joseph E. Bodovitz
Executive Director
Public Utilities Commission
of the State of California
350 McAllister Street
San Francisco, California 94102

Dear Mr. Bodovitz:

Attached are an original and twelve (12) copies of the Report to the California Public Utilities Commission from the Statewide Supply Adjustment Mechanism (SAM) Committee ordered by CPUC Decision No. 90822 dated September 12, 1979.

As you may recall, the Commission in Ordering Paragraph 4 of that decision, ordered SoCal Gas to "initiate the formation of a committee . . . to develop consistent balancing account procedures for all gas utilities. This is in view of the disparity in procedures among the various gas utilities utilizing SAM balancing accounts." The committee was formed and consisted of representatives of the gas utilities and the Commission staff. Appendix A attached to the report is a list of committee membership and representation. The committee was chaired by Mr. Robert L. Ballew of SoCal Gas.

The committee conducted a detailed review of all SAM/PGA methodologies being utilized by California gas utilities including examination of exhibits prepared by each utility to describe its specific procedures. As a result of these analyses, three general alternative methodologies were identified as being utilized by the utilities. In addition, four specific items were identified as being treated differently between utilities. Section III of the report summarizes these items and makes specific recommendations on both the general alternative methodologies and the four specific items. Further, Appendix B is comprised of six tables which constitute a comprehensive comparative illustration of the various alternative methodologies under a common set of factual data. Appendix B demonstrates that all three general methodologies yield the precise same net result when properly applied.

The enclosed report is submitted by the committee with unanimous approval of its members representing gas utilities and Commission staff. The committee respectfully requests the Commission to issue a Resolution authorizing gas utilities to implement the recommendations made by the committee. Appendix C attached to the report is a draft Resolution recommended by the committee for issuance by the Commission.

Sincerely,

RML Loch

RML:ela
Enclosures

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Copy for:

Orig. and Copy

_____ to Executive Director

_____ Director

_____ Numerical File

_____ Alphabetical File

_____ Accounting Officer

RESOLUTION NO. G-2406

UTILITIES DIVISION

BRANCH/SECTION: Gas

DATE: January 6, 1981

R E S O L U T I O N

RETURN TO GAS BRANCH

SUBJECT: Ordering Authorizing Acceptance without Prejudice of Report of the Statewide Supply Adjustment Mechanism Committee.

WHEREAS: The report of the Statewide Supply Adjustment Mechanism (SAM) Committee has been received by the Commission on July 7, 1980 under the following conditions:

1. The Commission, by Decision No. 88835, dated May 16, 1978, ordered implementation of a SAM for all California gas utilities.
2. Subsequent filings made by the California gas utilities under the adopted SAM procedures raised issues regarding possible differences in the technical operation of the SAM procedure as implemented by various gas utilities.
3. The Commission, by Decision No. 90822, dated September 12, 1979, ordered the formation of a statewide committee to be composed of representatives of the various gas utilities and the Commission staff to develop consistent balancing account procedures for all gas utilities.
4. The Statewide SAM Committee issued its report, dated June 30, 1980, and made its recommendation both on general methodologies and on specific procedures to accomplish consistent balancing account procedures for all gas utilities.
5. The Commission staff is of the opinion that the Commission at this time should adopt the recommendations in the Committee's report except any F & U expense recovery or gross gas purchases net of storage adjustments due to the SAM procedure, and any change to a utility's amortization period for the balancing accounts.
6. Any adjustments for F & U expenses or gross gas purchases net of storage and in the SAM procedure should be addressed in the next offset proceeding of each utility. The Statewide SAM Committee report could become an exhibit in these proceedings.

WHEREAS: We concur with the staff's recommendations; therefore, good cause appearing,

IT IS ORDERED that:

1. The report of the Statewide Supply Adjustment Mechanism Committee is accepted without prejudice effective this day.

RETURN TO GAS BRANCH

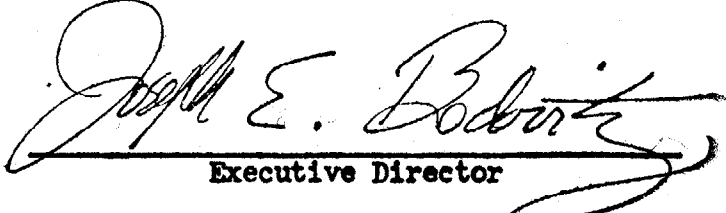
2. Each gas utility shall implement the recommendations of the statewide SAM Committee report in the next offset proceeding except for any F & U expense recovery or gross gas purchases net of storage adjustments caused by the SAM procedure and the amortization period for the balancing accounts.

3. Each gas utility shall submit evidence and testimony relating to any F & U expense recovery, gross gas purchases net of storage, and change in amortization period for the balancing accounts in the next offset proceeding to enable the Commission to make a decision on this matter.

4. The effective date of this resolution is the date hereof.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular conference of the Public Utilities Commission of the State of California, held on January 6, 1981, the following Commissioners voting favorably thereon:

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
Commissioners


Executive Director