

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION

RESOLUTION G-3179
December 18, 1995

R E S O L U T I O N

RESOLUTION G-3179. SOUTHERN CALIFORNIA GAS COMPANY REQUESTS REVISIONS TO ITS REVENUE REQUIREMENTS AND RATES IN COMPLIANCE WITH DECISION 94-12-052, SOUTHERN CALIFORNIA GAS COMPANY'S 1993 BIENNIAL COST ALLOCATION PROCEEDING.

BY ADVICE LETTER 2448, FILED ON OCTOBER 18, 1995.

SUMMARY

Southern California Gas Company (SoCalGas) filed Advice Letter (AL) 2448 requesting revisions to its revenue requirements and rates, effective January 1, 1996. AL 2448 proposes to incorporate into rates balancing and tracking account balances, intervenor compensation from two recent Decisions (D.) and the return of supplier refunds.

Toward Utility Rate Normalization (TURN) protested the proposed residential rate design. The protest is denied.

This Resolution approves:

- (1) modifications to Southern California Gas Company's (SoCalGas) balancing and tracking accounts resulting in a reduction of approximately \$93.9 million (3.9%) to amortize core balancing and tracking accounts, and an increase of approximately \$19.6 million (6.6%) to amortize noncore balancing and tracking accounts.
- (2) an increase in the California Alternative Rates for Energy Account (CARE) surcharge of approximately \$14.7 million.
- (3) SoCalGas' Customer Refund Plan, returning approximately \$29.1 million in interstate supplier refunds. \$16.1 million will be returned through rates, \$1.9 million will be returned through direct refunds, and the remaining \$11.0 million will be reflected in the Purchased Gas Account.

This Resolution also authorizes an increase rates for intervenor compensation of \$21 thousand as ordered in D. 95-09-009 and 95-09-034.

BACKGROUND

D.94-12-052 directed SoCalGas to file, by January 1, 1996, new tariffs containing rate changes necessary to implement the balancing/tracking accounts amortization for the second biennial cost allocation proceeding (BCAP) year. In its filing SoCalGas was required to use the same average annual throughput data employed in establishing rates for the first BCAP year.

SoCalGas' proposed amortization of its balancing and tracking accounts is summarized in Attachment A. The result of the balancing and tracking account amortization, along with the CARE adjustment, is a reduction in revenue requirement of \$59.6 million.

D. 94-12-052 also ordered the following changes in rates effective January 1, 1996:

1. increase the residential customer charge from \$4.05 to \$5.00 per month, and lower the tier 1 and tier 2 volumetric rates;
2. reduce the schedule G-10 'core averaging' subsidies by 25 percent.

Supplier Refunds

In the 1993 BCAP, SoCalGas identified approximately \$27 million of supplier refunds and proposed a refund plan which was adopted in D.94-12-052. Since that time \$29.1 million (including projected interest to 1/1/96) in additional supplier refunds has been received from El Paso Natural Gas Company, Northwest Pipeline Company, Pacific Interstate Transmission Company, Pacific Gas Transmission Company, and Transwestern Pipeline Company. SoCalGas proposes to distribute the supplier refunds in a plan similar to that adopted for prior supplier refunds (Resolutions G-3026 and G-3034). Thus, \$7.8 million will be credited to the CFCA, reducing rates for core customers. \$6.8 million will be credited to the NFCA and \$1.5 million will be credited to ITCA, reducing rates for noncore customers. In addition, \$1.9 million will be directly refunded to Targeted Sales. The remaining \$11.0 million will be an off-set to the Purchased Gas Account (PGA). See Attachment B for more details.

D. 95-04-072 required SoCalGas to file its 1996 operational attrition adjustment by application. To comply, SoCalGas filed Application 95-06-003 in June and, as a consequence, could not include intervenor compensation ordered after that date. In D. 95-09-009 SoCalGas was ordered to pay TURN \$19,496 plus interest accruing after September 11, 1995. In D. 95-09-034 SoCalGas was ordered to pay TURN \$1,535.88 plus interest accruing after September 23, 1995.

NOTICE

Public Notice of AL 2448 was made by publication in the Commission's Calendar, and by mailing copies to interested

parties, in accordance with General Order 96-A, and to parties of record in A.93-09-006 (1994 BCAP).

PROTESTS

TURN filed a protest on November 7, 1995. TURN's protest raised the same legal arguments currently before the Commission in TURN's application for rehearing of D. 94-12-052. TURN contends that the residential tier differential is unlawful because it does not count the residential customer charge as part of the baseline rate when calculating the degree of tier differential, for compliance with Public Utilities Code Section 739(c).

SoCalGas in its response supports the residential rate design adopted in D.94-12-052. In addition, they state that TURN should wait for the Commission to resolve the issue in TURN's application for rehearing of D.94-12-052.

Carson Cogen, L.P. filed a letter on November 9, 1995, expressing an interest in participating in the proceeding. No protests or other comments were received from Carson Cogen, L.P..

DISCUSSION

Balancing and Tracking Accounts

CACD has reviewed the proposed revisions and found them reasonable. No protests were received on the balancing and tracking account revisions. The proposed amortization of SoCalGas' balancing and tracking accounts and the increase in the CARE Surcharge are reasonable and should be adopted.

TURN's Protest

TURN protested the residential rate design used in the AL. The residential rate designed used in the AL was adopted in D.94-12-052 and is subject to an application for rehearing by TURN on the same grounds as those in the protest. The application for rehearing, and not this AL, is the appropriate vehicle to resolve this issue. The protest is denied.

Supplier Refunds

SoCalGas' plan to return to ratepayers supplier refunds is similar to other plans the Commission has approved for returning supplier refunds. It is reasonable and should be adopted.

Intervenor Funding

In D.95-09-009 and D.94-09-034 the Commission ordered SoCalGas to pay intervenor compensation of \$21,031.88 to TURN. Due to prompt payment by SoCalGas no interest was owed. Since the 1996 Attrition application had been filed at the time of the awards, it is appropriate to adjust revenue requirements for the intervenor compensation through this proceeding.

FINDINGS

1. D. 94-12-052 directed SoCalGas to incorporate in a rate filing the updated 1995 year-end balancing and tracking account balances for the second year of the two-year BCAP rate cycle.
2. SoCalGas filed AL 2448 on October 18, 1995 requesting to revise its rates to incorporate 1995 year-end balancing and tracking account amortization, intervenor compensation for two prior decisions, previously adopted changes in residential rate design, and the return of supplier refunds.
3. TURN protested the previously adopted residential rate design on the same issues contained in its application for rehearing of D.94-12-052.
4. TURN's protest should be denied.
5. SoCalGas proposes to incorporate into rates the core and noncore's portion of interstate supplier refunds to decrease the revenue requirement requested in the BCAP.
6. A decrease of \$93,357,000 (or 3.9%) in the total core revenue requirement is necessary to amortize the accumulated balances in the core balancing and tracking accounts under the undated BCAP filing.
7. A increase of \$19.6 million (or 6.6%) in the total noncore revenue requirement is necessary to amortize the accumulated balances in the noncore balancing and tracking accounts under the updated BCAP filing.
8. An increase of \$14.7 million in the CARE surcharge is necessary to prevent a projected undercollection. Approximately \$11.0 million will be collected from core customers and \$3.7 million from noncore customers.
9. The one-year balancing account amortization which SoCalGas filed in AL 2448 complies with D.94-12-052.
10. The refund plan to distribute interstate supplier refunds by decreasing core and noncore rates and direct payments to targeted customers, detailed in Attachment B, should be adopted.
11. Two proceedings, D.95-09-009 and D.95-09-034, authorized \$21,031.88 for services provided by intervenors on behalf of ratepayers. This amount was paid by SoCalGas during 1995 and should be recovered.

THEREFORE, IT IS ORDERED that:

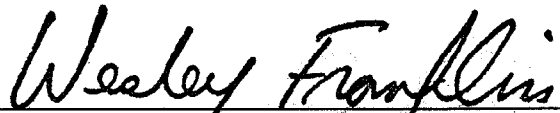
1. Southern California Gas Company's Advice Letter 2448 is approved.
2. Southern California Gas Company is ordered to update its Biennial Cost Allocation balancing and tracking accounts of

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approximately \$93.3 million for the core and \$19.6 million for the noncore, as shown in detail under Attachment A of this Resolution.

3. Southern California Gas Company is authorized to implement its supplier refund plan as detailed in Attachment B.
4. Southern California Gas Company is authorized to recover in rates the intervenor funding authorized in Decisions 94-09-009 and 94-09-034.
5. The protest is denied.
6. Southern California Gas Company shall file an advice letter with revised tariff schedules for 1996 incorporating BCAP balancing and tracking accounts, the adopted supplier refund plan, and the authorized intervenor compensation. The advice letter will be filed on or before December 28, 1995 and the tariff schedules will be effective January 1, 1996.
7. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 18, 1995. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER