

Decision 11-07-052 July 28, 2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Diego Gas & Electric Company (U902G) and Southern California Gas Company (U904G) for Authority to Revise Their Rates Effective January 1, 2009, in Their Biennial Cost Allocation Proceeding.

Application 08-02-001
(Filed February 4, 2008)

**ORDER REGARDING JOINT PETITION FOR
MODIFICATION OF DECISION 09-11-006**

1. Summary

The settlement agreement that was approved and adopted in Decision (D.) 09-11-006 provides that San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) are to file their next cost allocation proceeding for their natural gas transmission, distribution, and storage operations no later than September 1, 2011. SDG&E, SoCalGas, and ten other parties filed a joint petition to modify the filing date in D.09-11-006 from September 1, 2011 to November 1, 2011.

Today's decision grants the joint petition to modify D.09-11-006 so as to require that the next cost allocation proceeding for SDG&E and SoCalGas be filed no later than November 1, 2011, instead of September 1, 2011.

2. Background

In Decision (D.) 09-11-006, a settlement agreement of many of the Phase II issues in the 2010 through 2012 cost allocation proceeding of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas)

was adopted and approved by the Commission.¹ The settlement agreement was attached to D.09-11-006 as Appendix A. As part of that settlement agreement, section II.B.3.M.a provides that SDG&E and SoCalGas “shall file a new cost allocation application no later than September 1, 2011, for rates to be effective January 1, 2013 for the three year period ending on December 31, 2015.”

When SDG&E and SoCalGas filed their Test Year 2012 general rate case (GRC) applications in Application (A.) 10-12-005 and A.10-12-006, they proposed a procedural schedule which would have minimized scheduling conflicts with the required filing of the TCAP by no later than September 1, 2011. However, due to the constraints of some of the parties and the overlapping conflict of the GRC applications of SDG&E and SoCalGas with the GRC application of Southern California Edison Company in A.10-11-015, a procedural schedule in the consolidated GRC applications of SDG&E and SoCalGas was adopted on March 2, 2011. The procedural schedule that was adopted in A.10-12-005 and A.10-12-006 creates an overlap with the required filing of the TCAP by no later than September 1, 2011.

On April 14, 2011, the Commission issued D.11-04-032. That decision approved some changes to the open season process for obtaining firm rights on the backbone transmission system of SoCalGas and SDG&E, and also approved the further unbundling of backbone transmission costs. The changes to the open

¹ Prior to D.09-11-006, the time period covered by the cost allocation proceeding for SDG&E and SoCalGas was a two year period. Section II.B.3.M of the settlement agreement that was adopted in D.09-11-006, changed the period covered by the cost allocation proceeding to a three-year period or Triennial Cost Allocation Proceeding (TCAP).

season process are to take effect in the summer of 2011, and the unbundling of the backbone transmission costs is to take effect on October 1, 2011.

On May 19, 2011, SDG&E, SoCalGas, and ten other parties, filed a joint petition for modification of D.09-11-006.² The petition for modification requests that D.09-11-006 be modified to allow SDG&E and SoCalGas to file the TCAP application by no later than November 1, 2011, rather than the September 1, 2011 date as provided for in the settlement agreement of that decision.³

No responses to the petition for modification were filed.

3. Discussion

SDG&E, SoCalGas, and the ten other parties request that the TCAP filing date of September 1, 2011, that is contained in section II.B.3.M.a of Appendix A to D.09-11-006, be modified so as to require that the TCAP be filed no later than November 1, 2011. The petitioning parties contend that such a modification will: (1) minimize the conflict between the TCAP and the GRCs of SDG&E and SoCalGas, and help ease potential resource burdens on parties who plan to participate in both the GRCs and TCAP; (2) avoid the rate complexity and duplicative efforts with having to file the TCAP on September 1, 2011, only to be followed by the rate changes that will take effect on October 1, 2011 as a result of

² The ten other parties are as follows: Division of Ratepayer Advocates, Southern California Edison Company, Indicated Producers, Southern California Generation Coalition, City of Long Beach, Southwest Gas Corporation, Watson Cogeneration Company and the California Cogeneration Council, California Manufacturers and Technology Association, and The Utility Reform Network.

³ The petition for modification also set forth the reasons why it was not filed within one year of the effective date of D.09-11-006 as required by Rule 16.4(d) of the Commission's Rules of Practice and Procedure.

the further unbundling of backbone transmission costs that was authorized in D.11-04-032; and (3) to allow time for review of the 2011 backbone transmission open season process so that any potential adjustments to that process can be addressed in the TCAP.

If the September 1, 2011 filing date for the TCAP remains unchanged, the rates set forth in that TCAP filing will not reflect the new rates that go into effect on October 1, 2011 as authorized by D.11-04-032. It is expected that the rate changes authorized by D.11-04-032, will substantially increase the costs allocated to backbone transmission service, and that there will be a corresponding reduction in end-use customer transportation rates. Modifying D.09-11-006 to allow the next TCAP filing of SDG&E and SoCalGas to be filed by November 1, 2011, instead of by September 1, 2011, will allow SDG&E and SoCalGas to incorporate the October 1, 2011 rate changes into the TCAP filing.

In addition, modifying D.09-11-006 to require the TCAP to be filed by no later than November 1, 2011, will allow SDG&E and SoCalGas to include in the TCAP possible recommendations to change the backbone transmission open season process.

Also, modifying D.09-11-006 to allow the TCAP to be filed by November 1, 2011 will lessen the burden on parties who are participating in the SDG&E and SoCalGas GRCs and in the upcoming TCAP.

Accordingly, the May 19, 2011 petition for modification should be granted, and D.09-11-006 should be modified to require that the next TCAP of SDG&E and SoCalGas be filed no later than November 1, 2011, instead of the filing date of September 1, 2011 that is set forth in section II.B.3.M.a of Appendix A to D.09-11-006, referenced in footnote 8 of that decision, and at page 18 of the portable document format (pdf) version of D.09-11-006.

4. Waiver of Comments

This proceeding was closed following the issuance of D.09-11-006. The filing of the petition for modification on May 19, 2011 reopened this proceeding. Since no response to the petition for modification of D.09-11-006 was filed, and because this decision grants the relief requested, the comment period for this decision is waived pursuant to Rule 14.6(c)(2).

5. Assignment of Proceeding

Timothy Alan Simon is the assigned Commissioner and John S. Wong is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. No response to the May 19, 2011 petition for modification of D.09-11-006 was filed.
2. The petition for modification requests that the TCAP filing date of September 1, 2011, that is contained in section II.B.3.M.a of Appendix A to D.09-11-006, be modified so as to require that the TCAP of SDG&E and SoCalGas be filed no later than November 1, 2011.
3. If the September 1, 2011 filing date for the TCAP remains unchanged, the rates set forth in that TCAP filing will not reflect the new rates that go into effect on October 1, 2011 as authorized by D.11-04-032.
4. Modifying D.09-11-006 to allow the next TCAP filing to be filed by November 1, 2011 will allow SDG&E and SoCalGas to incorporate the October 1, 2011 rate changes into the TCAP filing.
5. Modifying D.09-11-006 will lessen the burden on parties who are participating in the SDG&E and SoCalGas GRCs and in the upcoming TCAP.

Conclusions of Law

1. The petition for modification sets forth the reasons why it was not filed within one year of the effective date of D.09-11-006 as required by Rule 16.4(d).

2. The May 19, 2011 petition for modification should be granted, and D.09-11-006 should be modified to require that the next TCAP of SDG&E and SoCalGas be filed no later than November 1, 2011, instead of the filing date of September 1, 2011 that is set forth in section II.B.3.M.a of Appendix A to D.09-11-006, and referenced in footnote 8 and at page 18 of the pdf version of D.09-11-006.

3. Since no response to the petition of D.09-11-006 was filed, and because this decision grants the relief requested, the comment period for this decision is waived pursuant to Rule 14.6(c)(2).

O R D E R

1. The May 19, 2011 joint petition for modification of Decision 09-11-006 filed by San Diego Gas & Electric Company, Southern California Gas Company, and ten other parties is granted as set forth in Ordering Paragraph 2.

2. Decision (D.) 09-11-006 is modified so that the filing date for the next cost allocation proceeding of San Diego Gas & Electric Company and Southern California Gas Company is no later than November 1, 2011, instead of September 1, 2011, as is set forth in section II.B.3.M.a of Appendix A to D.09-11-006, and referenced in footnote 8 and at page 18 of D.09-11-006.

3. This proceeding is closed.

This order is effective today.

Dated July 28, 2011, at San Francisco, California.

MICHAEL R. PEEVEY

President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioners