

Decision No. 86299

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA GAS COMPANY for )  
(a) A General Increase in Its Gas )  
Rates, and (b) For Authority to )  
Include a Purchased Gas Adjustment )  
Provision in Its Tariffs. )

Application No. 53797  
(Filed January 19, 1973)

(See Decision No. 84512 for List of Appearances.)

OPINION MODIFYING DECISION NO. 84512

Decision No. 84512 dated June 10, 1975 in Application No. 53797, among other things, required Southern California Gas Company (SoCal) to file revised G-53-T, G-58, G-60, and G-61 Tariff Schedules with changes in rates, charges, and conditions; to file a revised Rule 23; and to file a new gas service agreement with San Diego Gas & Electric Company (SDG&E). Ordering Paragraphs 2 and 3 of that decision are as follows:

"2. Southern California Gas Company is authorized and directed to file a revised Rule 23 consistent with Findings 14, 15, 16, and 17 herein. The filing date shall be ten days after the effective date of the order herein. Such filing shall comply with General Order No. 96-A. The effective date of the new and revised tariff sheets shall be the date of filing. The new and revised schedules shall apply only to service rendered on and after the effective date thereof.

"3. Southern California Gas Company is authorized and directed to file a new gas service agreement with San Diego Gas & Electric Company in conformity with Finding 21 herein. This agreement shall be filed ten days after the effective date of the order herein. Such filing shall comply with General Order No. 96-A. The effective date of the new and revised gas service agreement shall be the date of filing. If San Diego Gas & Electric Company disputes the language proposed by Southern California Gas Company it shall file a proposed gas service agreement consistent with Finding 21 herein ten days after the effective date of this order. This Commission shall resolve any dispute regarding the new G-61 gas service agreement. In the event of such a dispute Southern California Gas Company's revised Rule 23 shall govern deliveries until the Commission resolves the dispute."

D.84601 in A.53797 dated June 25, 1975 authorized an extension of time for SDG&E to comply with Ordering Paragraphs 3, 4, and 5 of D.84512.

SDG&E protests<sup>1/</sup> that SoCal's Advice Letter No. 923 as it pertains to SoCal's Rule 23 and to its G-58 contracts does not comply with this Commission's directives as set forth in D.84512. SDG&E states that it had problems in implementing the decision as it affects its own operations.

SDG&E objected to the revised service agreement between itself and SoCal filed with Advice Letter No. 923 and submitted an alternate proposed agreement. These issues are discussed in this decision.

---

<sup>1/</sup> D.84817 dated August 19, 1975 denied rehearing of D.84512 and made certain modifications to that order but not to the above-quoted ordering paragraphs. The subsequent appeals of these two decisions by SDG&E and by the city of San Diego were denied by the California State Supreme Court.

SOCAL'S RULE 23

A. Reporting Requirements

SDG&E requests that the portion of Rule 23 which would require it to furnish reports on "recorded system loads and resources related to requirements imposed on company (SoCal)" within seven days after the end of each calendar month be modified to permit reporting in 15 days. SDG&E states that it needs more time to compile this information and requests that the information be reported within 15 days after the end of each month and that revised curtailment blocking for G-58 and G-61 customers be made effective on the first day of the following month.

In response to this request, the Los Angeles Department of Water and Power (DWP) did not object to extending the reporting time from seven days after the end of each calendar month to 15 days after the end of each calendar month. However, DWP objected to waiting until the first of the following month before implementing the new allocations of gas and requested that the updated requirements be effective on the date of filing.

D.85410 dated February 3, 1976 in A.55345 established igniter requirements for steam plants of SoCal's G-58 and G-61 customers for test year 1976. Finding 13 in that order states:

"13. Ordering Paragraph 2 of D.84512 should be modified to discontinue the reporting requirements necessary for revising the A and S-1 priorities of its G-58 and G-61 customers pending the expected availability of A-block gas. At such time as A-block gas may again become available, the reporting requirements should be made within 15 days after the end of a month."

D.85410 contains no ordering paragraph related to Finding 13. SoCal did not file a reporting time change.

SoCal's Advice Letter No. 968 states "in view of the fact that SoCal's estimates indicate that some A-block gas will be available under warmer than average temperature conditions,<sup>2/</sup> SoCal believes it would be premature to discontinue the present reporting and related filing requirements at this time. SoCal, therefore, proposes to continue this procedure so that a current basis will be available to allocate any gas volumes which may be available for this priority of service." SoCal states that it contacted all the affected customers and none objected to continuation of this reporting procedure.

The reporting procedure necessary to establish relative allowances for such A and S-1 gas as may be available should be continued until such time as SoCal advises the affected parties and the Commission that there would be no gas expected under any temperature conditions for such purposes. In the event that either A or S-1 gas subsequently was available or might be available, SoCal should advise the affected utilities and the Commission and the reporting requirements should be reinstituted. SoCal's Rule 23 should be revised changing the reporting requirements to 15 days after the end of a month and to change the A and S-1 priorities of its G-58 and G-61 customers 22 days after the end of a month to permit orderly filing of the revised priorities with the Commission.

B. Diversions of Independent Gas Sources

SDG&E states that SoCal's revised Rule 23, filed with Advice Letter No. 923, does not prevent SoCal's G-58 customers from utilizing their independent sources of gas supply in a manner which would enable them to receive above parity levels of service in

---

<sup>2/</sup> SoCal's curtailment reports show that A-block deliveries have been made in 1976.

contradiction to the Commission's intent in D.84512. SoCal's Advice Letter No. 924 further modified its Rule 23. This filing addressed itself to the issue raised by SDG&E in a manner which would prevent diversions of G-58 customers' outside gas supplies in a manner which would increase their gas requirements on SoCal. This issue is moot.

C. Emergency Arrangements

SDG&E contends that the modification to SoCal's Rule 23 contained in Advice Letter No. 923 does not comply with the Commission's mandate regarding agreements for emergency gas deliveries which are needed to avoid electric load curtailment. SDG&E argues that SoCal is ordered to file modifications to its G-58 and G-61 contracts and that SoCal's customers are not required to agree on separate contracts as is stated in SoCal's Rule 23, and SoCal wants to do nothing to implement the parity reallocation ordered. SDG&E requests an order directing SoCal to revise the rule to comply with D.84512.

Finding 26 of D.84512 states:

"26. In order to prevent one of the electric utilities from being faced with actual load curtailment as a result of the reallocation ordered herein SoCal should file modified G-58 and G-61 contracts to provide for emergency delivery of gas to a G-58 or G-61 customer which is above its allocated share of gas for steam electric purposes and to provide for compensation to the utility relinquishing gas on an alternative or substitute fuel basis. Such provision should be subject to the ability of the electric utility giving up gas to meet its own generating requirements."

Ordering Paragraph 7 of D.84512 directed SoCal to file revised G-58 and G-61 contracts providing for emergency delivery of gas to any of its G-58 or G-61 customers.

In D.84512, we set forth general criteria to meet emergency situations with the expectation that the parties would negotiate amongst themselves in good faith and come up with mutually agreeable methods providing for emergency exchanges of gas or of gas sales to meet emergency conditions. It is reasonable that SoCal be permitted to reserve the right to make deliveries based upon its evaluation of the requirements on its system, its available gas supplies, and upon prior agreement between the parties. There is nothing in the agreements filed by SoCal which would preclude just such arrangements. The agreements between SoCal's G-58 and G-61 customers and in turn their working out of arrangements with SoCal can be accommodated either on a working level by gas dispatchers or by formal contract filed with this Commission. This Commission is empowered to modify agreements entered into between SoCal and its G-58 and G-61 customers. This Commission modifies such agreements when warranted by changed conditions affecting the public interest.

SDG&E is also concerned that the emergency assistance agreements could be a one-way street in that certain of the municipally owned G-58 customers could receive emergency assistance but could not give any such emergency assistance.

DWP contends that SDG&E misunderstood its position in C.9581, which related primarily to emergency allocations of oil, not to emergency allocations of gas; that the Commission's jurisdiction over oil owned by regulated utilities is questionable and its lack of jurisdiction over oil owned by nonregulated companies is unquestioned;<sup>3/</sup> that the Commission has unquestioned jurisdiction

---

<sup>3/</sup> In C.9893 we are investigating on our own motion, whether we should regulate oil pipeline transportation companies.

over the subject of SoCal's gas; that DWP would have no legal problems with emergency deliveries of gas ordered by the Commission; and that in C.9581 DWP did not take the position that it could not enter into mutual assistance plans for emergency exchanges of fuel. DWP's potential requirements on SoCal for fossil fuel generation are approximately six times greater than the combined potential requirements of all of the other municipal electric utilities served by SoCal. DWP further contends that SoCal's Rule 23 went beyond emergencies caused by the reallocation as evidenced by Finding 26 in D.84512, supra.

There does not appear to be any significant issue on the ability of municipal G-58 customers entering into arrangements to permit emergency diversions of gas to other utilities.

Testimony in SoCal's A.55345 demonstrates that SoCal has acted responsibly in a manner designed to avoid disruption or interruption of service in supplying the igniter requirements of its several customers. SoCal has accommodated past requests by its G-58 and G-61 customers to defer deliveries used for electric generation. There is nothing to indicate that SoCal will not continue to operate in a responsible manner to avoid disruption of electrical service. The affected utilities should make a further attempt to work out mutually agreeable arrangements to make emergency diversions of whatever gas is available for boiler feed purposes from one electric utility to another and for compensation arrangements. We do not feel it necessary or desirable to spell out every item in daily dispatching procedures to be followed by SoCal to enable it to make emergency deliveries. The language contained in the G-58 and G-61 contracts (which was also added to SoCal's Rule 23 in Advice Letter No. 923) provides a reasonable basis for the parties to reach

agreements on how to handle emergency diversions of gas supplies and of the related exchange and/or reimbursement arrangements. SoCal's filing incorporating the requirement that the Commission be promptly notified of the nature and extent of the emergency by the customer is reasonable.

SDG&E states that as a result of reallocation only SDG&E "will lose gas and be faced with (the possibility of) actual load curtailment. Consequently, the emergency provision should be directed solely to assist San Diego...."

The tabulation on mimeo, page 20 of D.84512 shows that Imperial Irrigation District (IID), a G-58 customer, was entitled to a higher level of service than SDG&E. Finding 9 of D.84512 states "There are excessive variations in levels of service between the individual G-58 customers." Reallocation on a parity basis reduced deliveries to the IID plant on Schedule G-58 by a greater percentage than the reduction to SDG&E's plants.

The issue of a possible emergency caused by the reallocation is now moot since the G-58 and G-61 customers all had to plan on not having any SoCal gas available for boiler feed in 1976.

The potential emergency now faced by the electric utilities would be the result of an interruption or malfunction of the oil supply to a boiler. It would be reasonable for the utilities to address emergency arrangements to this situation. Finding 26 of D.84512 should be modified to permit emergency gas deliveries at any time.

D. Dispatch to Minimize Adverse Air Pollution Conditions

SDG&E contends that SoCal's proposed Rule 23 does not provide a method for the implementation of natural gas dispatching on the basis of requests for additional gas needed to minimize



adverse air pollution conditions. The new language incorporated in Rule 23 to implement gas dispatch to minimize air pollution conditions when gas is available as a boiler feed is as follows:

"Subject to the capability of the company's physical facilities and the requirements of higher priority customers, dispatching arrangements will accommodate customer requests for deviations from the normal pattern of parallel deliveries based on requirements to minimize particularly adverse air pollution impacts expected to be of short-term duration. Customer(s) requesting company to redirect deliveries hereunder shall notify the Commission promptly after each occurrence of the nature of the air pollution problem occasioning such request."

SDG&E contends that it appears that all a customer has to do to receive additional gas under this procedure is to declare that an adverse air pollution condition exists on its system and it will receive additional gas supplies, and that a customer should have to do more and at least prove that an adverse situation exists in order to receive added gas supplies. SDG&E contends that diversions occurring when boiler fuel gas is available, would be on the basis of a request not on a basis of a factual determination that an adverse air quality condition exists, and that the Rule 23 should specifically provide for such a procedure implementing this portion of D.84512.

SDG&E incorrectly contends that all movement of gas to correct adverse air pollution conditions would flow from the South Coast Air Basin to the San Diego Air Basin. This conclusion is not consistent with Ordering Paragraph 9 of D.84512 which states:

"9. Southern California Gas Company shall confer with its G-58 and G-61 customers to determine what modifications of its dispatching procedures

are possible to minimize potentially high short-term adverse air quality downwind of the G-58 and G-61 generating plants affected by its deliveries. Southern California Gas Company shall report upon the results of its negotiations concerning revised gas dispatching procedures for electric generation purposes twenty days after the effective date of this order. The report shall include a discussion of concentrating gas deliveries to a plant(s) to minimize potentially high short-term adverse air quality impacts and of proposed meteorological monitoring procedures and reporting to be carried out by Southern California Edison Company, Los Angeles Department of Water and Power, and San Diego Gas & Electric Company. Any revised dispatching arrangements consistent with these objectives which have been reduced to writing shall be incorporated in Southern California Gas Company's Rule 23 and in the respective service agreements with the G-58 and G-61 customers."

If the gas is available, the flow should go in either direction to minimize air quality impacts.

DWP states that a discussion held between SoCal, SDG&E, and G-58 customers covered the modification of dispatching procedures to minimize potentially high short-term adverse air quality; that no agreement was reached between the parties on a modified dispatching procedure or even on the meaning of Ordering Paragraph 9; that there was a discussion about whether the order referred to intercompany or intracompany dispatching; and that DWP believes that since no provision was made for compensation, in the event of reallocation, in Ordering Paragraph 9 as it was in Ordering Paragraph 7, that Ordering Paragraph 9 contemplated only intracompany dispatching and requested further clarification of Rule 23.

SoCal's report states that no agreement was reached to implement new dispatching procedures in compliance with the above-quoted Ordering Paragraph 9.

Further clarification is necessary on this subject. Any such reallocation should be done on both intercompany and intracompany bases subject to reimbursement arrangements. Criteria should be established for dispatch where meteorological conditions would indicate that a designated air pollution level was imminent in one particular area and not in another area. In that instance, if boiler fuel is available for dispatch, then it should be dispatched to the utility or to specific plant(s) of a given utility customer to minimize air pollution. A given utility should also be permitted to evaluate constraints on its operations which would necessitate deliveries of any gas available as a boiler feed to a particular plant, e.g. the requirement that gas be the only boiler feed at DWP's Scattergood No. 3 plant. The affected parties should hold further meetings to establish an anticipated air pollution level at which it would be appropriate to divert available gas from one utility to another, for boiler feed purposes, to minimize severe short-term air pollution problems faced by one utility and not by another. This again is an area where we did not attempt to work out procedures for day-to-day implementation of dispatch to minimize air pollution. SoCal should report to the Commission if any agreement on dispatching to minimize air pollution, of air pollution monitoring, and of the basis of compensation to any utility whose pro rata share of gas is diverted in full or in part to mitigate the adverse short-term air quality impacts downwind of plants of another utility.

Our discussion of the emergency dispatch procedures and dispatch to minimize short-term adverse air pollution conditions are made in the context of deliveries used for meeting A, S-1, and S-2 requirements of the respective utilities. This discussion does not apply to the igniter requirements of the respective utilities. The igniter requirements are designed to meet the specific requirements of the utilities to avoid disruptions of service or the creation of air pollution problems not primarily related to meteorological conditions.

#### GAS SERVICE AGREEMENT

SDG&E submitted a proposed gas service agreement with SoCal and proposed revisions of SoCal's G-61 tariff not based upon D.84512. SDG&E's proposal contains major contract and tariff revisions including establishment of contract demand on a daily basis, elimination of the adjustment on contract demand, elimination of added peaking demand, and elimination of peak shaving provisions to reduce SDG&E's firm demands on SoCal.

SoCal filed a revised agreement generally conforming to the modifications described in Finding 21 of D.84512. However, SoCal filed the following revision of the G-61 agreement (Tariff Sheet 11585-G) which requires clarification.

#### "Section III. Definitions.

4. Contract Demand shall mean the maximum volume of gas which Seller is obligated to deliver to Buyer in any day to meet the peak firm requirements of Buyer." N  
N

SDG&E's opening brief in A.55345, SoCal's subsequent general rate increase application, requested that no substantive amendments to its gas service agreement with SoCal be ordered in that proceeding since the contract is now being renegotiated by the parties to reflect the new curtailment priorities ordered in C.9642.

The above-quoted definition of contract demand should be modified by deleting the words "maximum" and "peak", added by SoCal, to avoid possible conflict with Section IV of the service agreement involving additional peaking gas. No other change in the service agreement or G-61 tariff is warranted at this time.

SDG&E requests public hearings to determine what the tariff sheets should contain and how they should be structured, and to give all of the customers of SoCal the opportunity to propose the form and substance of Rule 23 for the Commission's benefit. The modifications described above should clarify some of the issues raised in the arguments.

A draft Environmental Impact Report (EIR) has been distributed in this proceeding. SDG&E requested a hearing on issues raised in the draft EIR. Southern California Edison Company raised issues related to the draft EIR. Further hearings should be held to resolve these issues. If any of the parties desire to discuss further changes in the emergency dispatching arrangements of air pollution monitoring, or of dispatch to mitigate severe adverse short-term air pollution problems, it should raise these issues at the hearing.

A minimum level of anticipated gas deliveries for boiler fuel purposes may be necessary before it would be productive to implement meteorological monitoring, or dispatch to minimize short-term air pollution conditions. In that event, the minimum level of deliveries to implement these procedures should be specified in dispatch agreements.

Findings

1. Ordering Paragraphs 2 and 3 of D.34512 directed SoCal to file a revised Rule 23 and a proposed gas service agreement with SDG&E. A mechanism for objecting to these changes was provided for in the order.

2. SoCal filed a revised Rule 23 and a proposed gas service agreement with SDG&E to comply with D.84512.

3. SDG&E objected to SoCal's revised Rule 23 and proposed G-61 gas service agreement. DWP commented on SDG&E's protest.

4. SoCal's Rule 23 should be revised to change the reporting requirements of the system loads and resources of its G-58 and G-61 customers to the 15th day after the end of a month and to change the A and S-1 priorities of its G-58 and G-61 customers on the 22nd day after the end of a month.

5. Finding 26 of D.84512 should be modified to permit emergency gas deliveries at any time by deleting the following: "...as a result of the reallocation ordered herein...."

6. Further discussions should be held between SoCal and its G-58 and G-61 customers to determine if emergency dispatching gas procedures can be worked out to avoid interruptions in electrical generation.

7. Further discussions should be held between SoCal and its G-58 and G-61 customers to determine if modifications of its dispatching procedures are possible to minimize potentially high short-term adverse air quality downwind of the G-58 and G-61 generating plants affected by its deliveries.

8. SoCal should delete the words "maximum" and "peak" in the definition of contract demand contained in its gas service agreement with SDG&E.

9. In order to make a timely filing of electric system loads and resources and to determine G-58 and G-61, A and S-1 priorities, the effective date of this order should be the date hereof.

The Commission concludes that D.84512 and the filings made pursuant to D.84512 should be modified to the extent set forth in the following order.

ORDER MODIFYING DECISION NO. 84512

IT IS ORDERED that:

1. Southern California Gas Company shall file a revised Rule 23 changing the reporting requirements of the system loads and resources of its G-58 and G-61 customers to the fifteenth day after the end of a month and to change the A and S-1 priorities of its G-58 and G-61 customers on the twenty-second day after the end of a month. Such filing shall comply with General Order No. 96-A. The filing date shall be one day after the effective date of the order herein. The effective date of the revised tariff sheet shall be the date of filing.

2. Southern California Gas Company shall file the following definition of contract demand in its gas service agreement with San Diego Gas & Electric Company:

Contract Demand shall mean the volume of gas which Seller is obligated to deliver to Buyer in any day to meet the firm requirements of Buyer.

Such filing shall comply with General Order No. 96-A. The filing shall be five days after the effective date of the order herein. The effective date of the revised tariff sheet shall be the date of filing.

3. Finding 26 of D.84512 is modified to read:

"In order to prevent one of the electric utilities from being faced with actual load curtailment SoCal should file modified G-58 and G-61 contracts to provide for emergency delivery of gas to a G-58 or G-61 customer which is above its allocated share of gas for steam electric purposes and to provide for compensation to the utility relinquishing gas on an alternative or substitute fuel basis. Such provision should be subject to the ability of the electric utility giving up gas to meet its own generating requirements."

4. Southern California Gas Company is authorized to file modified G-58 and G-61 contracts to provide for emergency delivery of gas to a G-58 or G-61 customer which is above its allocated share of gas for steam electric purposes which provides for compensation to the utility relinquishing gas on an alternative or substitute fuel basis. Such a provision shall be subject to the ability of the electric utility giving up gas to meet its own generating requirements. Southern California Gas Company shall file these contracts on or before thirty days after the effective date of this order.

5. Southern California Gas Company shall confer with its G-58 and G-61 customers to determine what modifications of its dispatching procedures are possible to minimize potentially high short-term adverse air quality downwind of the G-58 and G-61 generating plants affected by its deliveries. Southern California Gas Company shall report upon the results of its negotiations concerning revised gas dispatching procedures for electric generation purposes twenty days after the effective date of this order. The report shall include a discussion of concentrating gas deliveries to a plant(s) to minimize potentially high short-term adverse air quality impacts and of proposed meteorological monitoring procedures and reporting to be



carried out by Southern California Edison Company, Los Angeles Department of Water and Power, and San Diego Gas & Electric Company. Any revised dispatching arrangements consistent with these objectives which have been reduced to writing shall be incorporated in Southern California Gas Company's Rule 23 and in the respective service agreements with the G-58 and G-61 customers.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup>  
day of AUGUST, 1976.

William J. Harrison President  
Vernon L. Thompson  
Leonard R. Ross  
Robert B. Farnham Commissioners