

FEB 10 1989

Decision 89-02-036 February 8, 1989

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on )  
the Commission's own motion into )  
the curtailment of utility electric )  
generation natural gas deliveries. )  
in the Los Angeles Area. )

**ORIGINAL**

1-88-08-052  
(Filed August 25, 1988)

O P I N I O N

On February 8, 1989, Southern California Gas Company (SoCalGas) filed an emergency motion in Order Instituting Rulemaking (R.) 86-06-006 requesting that the Commission immediately declare a supply emergency that would give SoCalGas the discretion to divert transportation gas owned by lower-priority customers to serve core (P1 and P2A) customers. SoCalGas alleged it was experiencing a supply emergency which justified such a declaration by the Commission and requested that the Commission declare a supply emergency through March 31, 1989, which is the end of its winter heating season.

SoCalGas' motion was supported by a declaration under penalty of perjury from William H. Owens, SoCalGas' Vice President-Gas Supply.

In Decision (D.) 86-12-010, dated December 3, 1986, in R.86-06-006 we provided that customer-owned transportation gas could be diverted by gas utilities to serve P1 and P2A customers after other curtailment steps had been taken and after we had declared a supply emergency. This provision of D.86-12-010 has been incorporated in SoCalGas' tariffs on file with the Commission.

SoCalGas has represented that it curtailed sales to P5 customers on February 7, 1989, and that it notified P2B, P3, and P4 customers on February 8 that it would begin curtailing sales to them in 24 hours.

Based on the statements made at the Commission's en banc hearing today on this motion, there is some uncertainty whether producers will continue to perform under their gas transportation agreements if SoCalGas implements a diversion of non-core customer-owned gas under emergency conditions. SoCalGas needs to make every effort to determine from the producers what their action will be if a diversion is implemented.

We are convinced, based on the information provided in SoCalGas' declaration, that current conditions warrant the declaration of a supply emergency for SoCalGas when the cyclable storage inventory in its "big four" storage fields reaches 16 Bcf in order to protect service to core (P1-P2A) customers through February 24, 1989, unless extended by further order of the Commission.

Before SoCalGas' storage inventory levels reach 16 Bcf, it should exercise its best efforts to arrange voluntary assignments of gas with its major transportation customers, and it should reprioritize its existing conservation activities to achieve maximum benefits so that it might avoid having its storage inventory fall below 16 Bcf. In addition, SoCalGas must try to obtain additional supplies that might be available over the El Paso or Transwestern pipelines. We remind SoCalGas that a supply emergency presumes the physical unavailability of gas supplies other than customer-owned gas.

Findings of Fact

1. Flowing gas supplies available to SoCalGas and its customers combined over the El Paso and Transwestern pipelines have been as low as 1.45 Bcf/d during the first week of February, 1989, although pipeline capacity rights total 2.5 Bcf/d.

2. El Paso and Transwestern have informed SoCalGas that their best estimate is that supplies they will be able to deliver to SoCalGas are not likely to increase substantially over volumes

delivered on February 6, 1989 until at least the weekend of February 11-12, 1989.

3. SoCalGas has experienced extremely high demand during the first week of February, 1989, including an all-time record sendout of about 5.2 Bcf on February 6, 1989.

4. SoCalGas' withdrawals from storage inventory have been unusually high during the first week of February, 1989, including a withdrawal of 3.2 Bcf on February 6, 1989. Additional substantial withdrawals through at least February 12, 1989 are likely.

5. SoCalGas began curtailing sales service to P5 customers on February 6, 1989, and states it will begin curtailing sales service to P2B, P3, and P4 customers on February 8, 1989.

6. At current rates of storage withdrawals, and without further action, SoCalGas' level of storage inventory will be reduced within several days to 12 Bcf, the minimum it has established to provide "peak day" service protection to core customers as of the beginning of March.

7. If SoCalGas' storage inventory level in its "big four" storage fields drops below 16 Bcf before the Commission's next regularly scheduled meeting on February 24, 1989, there will be a severe threat to the reliability of core service.

8. It is uncertain whether producers will continue to perform under their gas transportation agreements if SoCalGas implements a diversion program.

9. Reprioritizing existing conservation efforts and exercising best efforts to secure voluntary assignment of gas from major transportation customers may contribute to maintaining storage inventory levels above 16 Bcf.

10. SoCalGas' best estimate is that there has been approximately 900 MMcf/d of non-core transportation of customer-owned gas on its system in recent days.

Conclusions of Law

1. D.86-12-010 and SoCalGas' tariffs provide that the Commission may declare a supply emergency for core customers, under which conditions, and after curtailment of commodity service to non-core customers (P2B-P5), the affected gas utility may divert customer-owned transportation gas to serve core (P1-P2A) customers.

2. Based on SoCalGas' affidavit and its representations at the en banc hearing on its motion, if SoCalGas' storage inventory levels in its "big four" major storage fields fall below 16 Bcf before the Commission's regularly scheduled meeting on February 24, 1989, this will constitute a supply emergency for core (P1-P2A) customers within the meaning of D.86-12-010 and SoCalGas' tariffs.

3. This matter did not appear on the Commission's public agenda; however, a sufficient emergency exists to justify action on an emergency basis under Public Utilities Code Section 306(b) without such notice.

ORDER

IT IS ORDERED that:

1. If Southern California Gas Company's (SoCalGas) storage inventory in its "big four" major storage fields falls below 16 Bcf, a supply emergency is declared for core (P1-P2A) service on SoCalGas' system from that time until February 24, 1989 unless extended by a subsequent Commission order.

2. SoCalGas shall reprioritize its existing conservation efforts to obtain maximum benefit to protect existing storage levels.

3. SoCalGas shall exercise its best efforts to obtain voluntary assignments of customer-owned gas from its major transportation customers.

4. SoCalGas shall determine to the best of its ability whether producers will continue to perform under their gas

transportation agreements if SoCalGas implements a diversion program under this emergency.

5. SoCalGas shall make a full and complete daily report (in original and 3 copies) to the Director, Commission Advisory and Compliance Division (CACD), of its gas supply operations including, but not limited to: total sendout, storage withdrawals, the amount of diverted transportation gas, and the deliveries from each of its interstate pipelines and other major sources of gas, and any other information required by CACD. SoCalGas shall also serve a copy of this report on each Commissioner.

6. On February 14, 1989, SoCalGas shall furnish (in original and 3 copies) to the Director of CACD a report of the historical weather patterns it relies on in determining its peak day requirements from today until the end of its winter heating season on March 31, 1989. SoCalGas shall also serve a copy of this report on each Commissioner.

7. On February 14, 1989 before noon, SoCalGas shall file with the Commission's Docket Office (in original and 12 copies) and serve on all parties a written report on the results of its efforts to comply with Ordering Paragraphs 3, 4, and 5 above. The Director of CACD shall report orally to the Commission at its continued meeting on February 14, 1989 at 3:00 p.m. evaluating the contents of SoCalGas' report and any comments received from other parties concerning these matters.

8. SoCalGas shall justify the reasonableness of its actions under this emergency in its regularly scheduled reasonableness review for this period.



9. The Executive Director is directed to serve copies of this order on all parties in I.88-08-052 and in R.86-06-006.

This order is effective today.

Dated February 8, 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Victor Weisser, Executive Director

FEB 10 1989

ORIGINAL

Decision 89 02 036

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O P I N I O N

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In Decision 86-12-010, dated December 3, 1986, in R.86-06-006 we provided that customer-owned transportation gas could be diverted by gas utilities to serve P1 and P2A customers after other curtailment steps had been taken and after we had declared a supply emergency. This provision of Decision 86-12-010 has been incorporated in SoCalGas' tariffs on file with the Commission.

SoCalGas has represented that it curtailed sales to P5 customers on February 7, 1989, and that it notified P2B, P3 and P4 customers on February 8, that it would begin curtailing sales to them in 24 hours.

Based on the statements made at the Commission's en banc hearing today on this motion, there is some uncertainty whether producers will continue to perform under their gas transportation agreements if SoCalGas implements a diversion of non-core customer owned gas under emergency conditions. SoCalGas needs to make every effort to determine from the producers what their action will be if a diversion is implemented.

We are convinced based on the information provided in SoCal's declaration that current conditions warrant the declaration of a supply emergency for SoCalGas when the cyclable storage inventory in its "big four" storage fields reaches 16 Bcf in order to protect service to core (P1-P2A) customers through February 24, 1989, unless extended by further order of the Commission.

Before SoCalGas' storage inventory levels reach 16 Bcf, it should exercise its best efforts to arrange voluntary assignments of gas with its major transportation customers and it should reprioritize its existing conservation activities to achieve maximum benefits so that it might avoid having its storage inventory fall below 16 Bcf.

#### Findings of Fact

1. Flowing gas supplies available to SoCalGas and its customers combined over the El Paso and Transwestern pipelines have been as low as 1.45 Bcf/d during the first week of February, 1989, although pipeline capacity rights total 2.5 Bcf/d
2. El Paso and Transwestern have informed SoCalGas that their best estimate is that supplies they will be able to deliver to SoCalGas are not likely to increase substantially over volumes delivered on February 6, 1989 until at least the weekend of February 11-12, 1989.
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8. It is uncertain whether producers will continue to perform under their gas transportation agreements if SoCalGas implements a diversion program.

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#### Conclusions of Law

1. Decision 86-12-010 and SoCalGas' tariffs provide that the Commission may declare a supply emergency for core customers, under which conditions, and after curtailment of commodity service to non-core customers (P2B-P5), the affected gas utility may divert customer-owned transportation gas to serve core (P1-P2A) customers.

2. Based on SoCalGas' affidavit and its representations at the en banc hearing on its motion, if SoCalGas' storage inventory levels in its "big four" major storage fields fall below

16 Bcf before the Commission's regularly scheduled meeting on February 24, 1989, this will constitute a supply emergency for core (P1-P2A) customers within the meaning of Decision 86-12-010 and SoCalGas' tariffs.

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