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Decision 91-11-040 November 20, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

Order Instituting an Investigation)
by rulemaking into proposed)
refinements for new regulatory)
framework for gas utilities.)

R.86-06-006
(Filed June 5, 1986)

And Related Matter.)

R.90-02-008
(Filed February 7, 1990)

ORDER MODIFYING DECISION

On July 26, 1991, Southern California Gas Company (SoCalGas) filed a petition to modify Decision (D.) 91-02-022, which made certain modifications to a set of rules for gas procurement and transportation adopted in D.90-09-089. SoCalGas' petition seeks clarification regarding whether the Commission intended that volumes nominated by noncore customers of wholesale customers should be subject to the 1.2 cent per therm surcharge for transportation service under SoCalGas' Schedule SL-2. On August 26, 1991, SoCalGas amended its petition to reflect an agreement reached between it and the City of Long Beach (Long Beach).

SoCalGas' Petition to Modify D.91-02-022

SoCalGas' petition seeks clarification as to whether wholesale customers who serve noncore customers electing SL-2 service should be responsible for the 1.2 cent per therm surcharge applied to other noncore customers taking SL-2 service. Long Beach is the only wholesale customer for which the clarification is required because SoCalGas' other wholesale customer, San Diego Gas & Electric Company (SDG&E), purchases gas transportation pursuant to a long-term contract which was not modified by our new gas rules adopted in D.90-09-089.

SoCalGas' petition argues that noncore customers of wholesale customers should be treated like other noncore customers (although it believes the Commission appropriately did not order the utilities to levy the surcharge on wholesale core customers). SoCalGas states D.91-02-002 is not clear as to whether wholesale customers serving noncore customers must pay the surcharge. Accordingly, it has billed Long Beach for the surcharge but has placed the revenues in a special account pending a Commission decision.

Subsequently on August 26, 1991, SoCalGas supplemented its petition to modify in order to present a compromise reached on this issue between SoCalGas and Long Beach. SoCalGas asks the Commission to approve the following agreement reached between it and Long Beach:

1. SoCalGas will permit Long Beach's noncore customers to re-elect their service level volumes, such re-election to be completed and communicated to SoCalGas no later than September 15, 1991;
2. For volumes nominated for SL-2 service, SoCalGas and Long Beach propose that the Commission find that such volumes would have been nominated for SL-2 service in the original open season had Long Beach's customers been aware that such volumes would incur the surcharge and authorize SoCalGas to levy the surcharge as of August 1, 1991;
3. For any volumes originally nominated for SL-2 service and subsequently nominated in the re-election for service under SoCalGas' Schedules SL-3 through SL-5, SoCalGas and Long Beach propose that the Commission find that such volumes would not have been nominated for SL-2 service in the original open season had Long Beach's customers been aware of SoCalGas' interpretation of D.91-02-022; and
4. Pursuant to its filed tariffs, SoCalGas will collect the SL-2 surcharge for all

volumes nominated for SL-2 service in the original open season, but SoCalGas will refund to Long Beach for distribution to its customers the amounts collected from those customers who renominate volumes from SL-2 to SL-3 through SL-5, with interest (calculated in the same manner as is applied to the sub-account), and such refunds will apply to all re-elected volumes used from August 1, 1991 to the date of the Commission's order modifying D.91-02-022.

SoCalGas submits this proposed approach is a fair and equitable resolution of this matter.

Long Beach's Response

Long Beach filed a response to the original petition, objecting to SoCalGas' interpretation of D.91-02-022. After SoCalGas supplemented its petition to modify, Long Beach filed a response concurring with SoCalGas' proposed approach.

Discussion

D.91-02-022 intended that noncore customers served by SoCalGas' wholesale customers would be subject to the 1.2 cent per therm surcharge for SL-2 transportation, as SoCalGas believes. The decision, however, could have been interpreted otherwise. We believe the compromise reached between SoCalGas and Long Beach is reasonable under the circumstances and will adopt it.

Findings of Fact

1. D.91-02-022 intended that noncore customers served by SoCalGas' wholesale customers would be subject to the 1.2 cent per therm surcharge for SL-2 gas transportation; the language in the decision, however, could have been interpreted otherwise.
2. Long Beach is the only SoCalGas customer affected by the issue raised in SoCalGas' petition because SoCalGas serves its only other wholesale customer, SDG&E, under a contract.
3. The agreement reached by SoCalGas and Long Beach is a reasonable resolution of the issue raised by SoCalGas' petition.

Conclusion of Law

The Commission should approve SoCalGas' amended petition to modify D.91-02-022 as set forth herein.

ORDER

IT IS ORDERED that:

1. The petition for modification of Decision (D.) 91-02-022 filed by Southern California Gas Company (SoCalGas) is approved as amended on August 26, 1991 to the extent set forth herein.

2. Pursuant to their compromise agreement, SoCalGas is authorized to permit noncore customers of the City of Long Beach (Long Beach) to re-elect their service level volumes, such re-election to be completed and communicated to SoCalGas.

3. For volumes nominated by Long Beach's noncore customers for transportation service under SoCalGas' Schedule SL-2 pursuant to the re-election authorized in Ordering Paragraph 2, SoCalGas is authorized to levy the surcharge of 1.2 cent per therm, as established in D.91-02-022, as of August 1, 1991.

4. SoCalGas shall refund to Long Beach for distribution to its customers the amounts resulting from the 1.2 cent per therm surcharge collected on volumes renominated from Schedule SL-2 to Schedules SL-3 through SL-5, with interest (calculated in the same manner as is applied to SoCalGas' sub-account), and such refunds

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shall apply to all re-elected volumes used from August 1, 1991 to the effective date of this order.

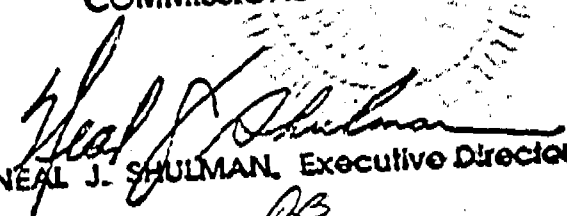
This order is effective today.

Dated November 20, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.

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


NEAL J. SHULMAN, Executive Director
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