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SEP 6 1978

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own Motion into the Adequacy and Reliability of the Energy and Fuel Requirements and Supply of the Electric Public Utilities in the State of California.

Case No. 9581
(Filed July 3, 1973)

Investigation on the Commission's own motion into the natural gas supply and requirements of gas public utilities in the State of California.

Case No. 9642
(Filed December 18, 1973)

Investigation on the Commission's own motion into the establishing of priorities among the types of categories of customers of every electrical corporation and every gas corporation in the State of California and among the uses of electricity or gas by such customers.

Case No. 9884
(Filed March 11, 1975)

INTERIM ORDER MODIFYING DECISION NO. 85189

In Decision No. 85189, dated December 2, 1975, the Commission ordered the establishment of an end-use priority system to replace the then effective firm/interruptible system. Fundamental to that decision was the Commission's finding that any system created to distribute the effects of a sustained natural gas shortage in a manner least adverse to the public interest must be based on the relative capability of different classes of customers to use fuels other than natural gas.

In keeping with this principle and to protect the dwindling natural gas supplies, the Commission in Interim Ordering Paragraphs 3 and 4 of Decision No. 85189 ordered:

- "3. California gas utilities shall not provide service to new customers, or additional service to current customers, when the customer's new requirement will be in excess of 50 Mcf/d and that requirement can be met with an alternate fuel.
- "4. Commission approval will be required before a gas utility can (1) provide service to any new nonresidential customer with a demand in excess of 50 Mcf/d and (2) install additional facilities to provide additional service to a nonresidential customer when the new level of demand is in excess of 50 Mcf/d."

The administration of Ordering Paragraph 4 of Decision No. 85189 has resulted in the expenditure of many man-hours by the utility companies, the Commission staff, and the Commission in processing deviations for customers who cannot use an alternate fuel.

Conservation efforts of high priority users, mild weather and the conversion of certain large users, primarily cement plants, to alternate fuels have resulted in continuing deliveries to the lowest priority of service, Priority 5. The prohibition against connecting certain new services contained in paragraph 3, has made yet additional gas available to Priority 5 customers which has, among other things, complicated the short-term planning of the electric utilities. Although the premise underlying the prohibition, i.e., alleviation of a diminution in service to existing customers, remains valid, the mechanism provided by paragraph 3 is premature, at least for the near future.

The Commission staff is now evaluating the end-use priorities in the light of present conditions. The likely result of this evaluation is that a recommendation for extensive modifications of the existing procedures will be made.

After considering the experience gained in administering the order in Decision No. 85189 and the present gas supply conditions, we find that it is in the public interest to modify the provisions of Decision No. 85189 relating to new service connections pending further action by the Commission.

IT IS ORDERED that:

1. Ordering Paragraphs 2, 3 and 4 of Decision No. 85189 are rescinded.
2. Commission approval will be required before a gas utility can provide service for new industrial boiler fuel use with a peak day demand in excess of 300 Mcf.
3. Southern California Gas Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company shall maintain data and report to the Commission on January 1, 1979, and semiannually thereafter, the number of new connections where the peak day requirements of the customer exceed 50 Mcf per day. The report shall be by customer name, priority, peak day demand, and annual requirements.
4. The above utilities shall file revisions to the appropriate tariff rules within 10 days of the effective date of this decision.

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 6th day of SEPTEMBER, 1978.

Robert Batemanich
President
William J. Amos
Vernon L. Johnson
Charles W. Howell
Commissioners