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Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Request by the City of Los Angeles Department of Water and Power (LADWP) for inclusion of its Scattergood Generating Station Unit 3 with Priority 3.

Application No. 59237  
(Filed October 26, 1979)

David L. Nye, Attorney at Law, for the Los Angeles Department of Water and Power, applicant.

David B. Follett, Attorney at Law, for Southern California Gas Company; H. Robert Barnes, John R. Bury, and Larry R. Cope, Attorneys at Law, for Southern California Edison Company; Henry F. Lippitt, 2nd, Attorney at Law, for California Gas Producers Association; Chickering & Gregory, by Edward P. Nelsen, Attorney at Law, for San Diego Gas & Electric Company; and Harry Phelan, for California Asphalt Pavement Association; interested parties.

O P I N I O N

On October 23, 1979, at the request of the Los Angeles Department of Water and Power (LADWP) this Commission, by Resolution No. G-2311 ordered Southern California Gas Company (SoCal) to serve the natural gas requirements of LADWP's Scattergood Generating Station Unit 3 (SGS-3) in parallel with Priority 3 service subject to the following conditions:

- "1. Priority 3 status for SGS-3 shall be limited to the period November 1, 1979 through April 30, 1980.

- "2. Total deliveries to LADWP during the period November 1, 1979 through April 30, 1980 shall be limited, to the extent practicable, to the quantity necessary to satisfy the requirements of SGS-3 or the total quantity that would have been received under the present procedures, whichever is greater.
- "3. Total deliveries to LADWP shall be brought into parity with other Priority 5 customers by November 1, 1980, even if it is necessary to reduce deliveries below the level required to satisfy SGS-3 during the summer of 1980.
- "4. If LADWP obtains deliveries of an independent source of supply during the period November 1, 1979 through April 30, 1980, the special allocation arrangements authorized herein, except for the provision requiring Priority 5 parity by November 1, 1980, shall terminate. The effective date of this Resolution is the date hereof."

Subsequent to its approval, the Commission directed that LADWP's request be docketed as an application for further consideration. The application was docketed October 26, 1979.

In order to determine whether further consideration and/or public hearing was necessary, LADWP was directed to serve a copy of the application on all appearances to Cases Nos. 9581 and 9642 (the consolidated priorities cases) within 15 days from the date the application was docketed. Interested parties were requested to expeditiously file any comments as a pleading with any party requesting a hearing to specifically explain what would be developed at a hearing and why a hearing is necessary.

Comments were received from SoCal and San Diego Gas & Electric Company (SDG&E). SoCal stated that it desired a hearing and that LADWP should produce evidence to support the change in

service authorized in Resolution No. G-2311 and that should the Commission consider extending the April 30th date, the following issues should be resolved:

1. The effect of the deviation on the amount of gas available to California pursuant to the curtailment plan adopted by federal authorities for El Paso Natural Gas Co.
2. The extent to which LADWP has pursued relief from the Air Resources Board concerning Scattergood 3 and the status of any to modify the unit wherein a fuel other than natural gas can be utilized.
3. The magnitude of the additional curtailment which would be created by the diversion of volumes to the Scattergood 3 unit and the impact upon other gas customers who would bear the curtailment.
4. The effect, if any, Priority 3 service for the Scattergood 3 unit has on the "parity" principal which was established in Decision No. 84512.
5. The appropriate rate treatment for the preferential service.
6. Whether preferential treatment for the Scattergood 3 unit is desired beyond April 30, 1980.

SDG&E stated that it supports the disposition of LADWP's request as contained in Resolution No. G-2311 recognizing that it provides for a deviation from the concept of parity of deliveries to Priority 5 customers and from the end-use priority system concept. SDG&E stated further that it believes that the parity concept and the priority system should have some measure of flexibility in application and that the economic impact on the utilities and their customers should be taken into consideration as was done with the adoption of Resolution No. G-2311.

A duly noticed public hearing was held at Los Angeles on January 7, 1980 before Administrative Law Judge Banks.

At the hearing, counsel for LADWP stated that upon receipt of SoCal's comments and request for a hearing, he contacted SoCal's counsel relative to Resolution No. G-2311 as approved. He stated that with the assurance that LADWP was satisfied with the resolution as approved and that it did not intend to seek an extension of time beyond the April 30, 1980 date without filing a new application, SoCal agreed that there were no further issues to be resolved.

With the understanding and agreement that Resolution No. G-2311 as approved was satisfactory and that any request for an extension beyond the April 30, 1980 date would be subject to the filing of a new application and an evidentiary showing, the other parties concurred that all issues regarding Resolution No. G-2311 had been resolved.

Findings of Fact

1. By Resolution No. G-2311 dated October 23, 1979, the Commission ordered SoCal to serve the requirements of LADWP's SGS-3 in parallel with Priority 3 service subject to the following conditions:

- "1. Priority 3 status for SGS-3 shall be limited to the period November 1, 1979 through April 30, 1980.
- "2. Total deliveries to LADWP during the period November 1, 1979 through April 30, 1980 shall be limited, to the extent practicable, to the quantity necessary to satisfy the requirements of SGS-3 or the total quantity that would have been received under the present procedures, whichever is greater.
- "3. Total deliveries to LADWP shall be brought into parity with other Priority 5 customers by November 1, 1980 even if it is necessary to reduce deliveries below the level required to satisfy SGS-3 during the summer of 1980.

"4. If LADWP obtains deliveries of an independent source of supply during the period November 1, 1979 through April 30, 1980, the special allocation arrangements authorized herein, except for the provision requiring Priority 5 parity by November 1, 1980, shall terminate. The effective date of this Resolution is the date hereof."

2. LADWP is not seeking Priority 3 service for SGS-3 beyond April 30, 1980 in Application No. 59237.

3. Should LADWP seek Priority 3 service for SGS-3 beyond April 30, 1980, a new application will be filed with the Commission.

4. All parties agree that, since Priority 3 service for SGS-3 would not extend beyond April 30, 1980, all issues with respect to Resolution No. G-2311 have been resolved.

Conclusion of Law

Resolution No. G-2311 dated October 23, 1979, as approved, should be affirmed and Application No. 59237 should be dismissed as moot.

O R D E R

IT IS ORDERED that:

1. Application No. 59237 is dismissed.
2. Resolution No. G-2311 is affirmed.

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

Dated MAR 4 1980, at San Francisco, California.

John E. Byron  
President  
James L. Starnes  
Michael D. Howell  
Clifford J. Daniels  
Edward M. Smith  
Commissioners