

ORIGINAL

Decision No. 92704 FEB 18 1981

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)

(See Decisions Nos. 87510 and 90998 for appearances.)

Additional Appearances

Alan R. Ross, for Hospital Council of Southern
California; Robert Freshman, for Memorial
Hospital Medical Center and The Task Force
of Community Hospitals; Adrian Arima,
Attorney at Law, for Stanford University;
E. D. Yates, for Cannery League of California;
and Richard Hamilton, Attorney at Law, for
California Community Colleges; interested
parties.

SUPPLEMENTAL OPINION

Summary

On December 2, 1975, in Decision No. 85189, we established an end-use priority system for statewide allocation of natural gas. The priority system has been modified by Decisions Nos. 86357, 87510, 88664, and 90794.

On January 5, 1979, the Commission solicited comments from all interested parties on the staff's proposal that the end-use system be changed as follows:

1. Reassignment of certain central heating plants serving residential and commercial complexes to Priority 1.
2. Reassignment of electric utility gas turbines to Priority 3 from Priority 5.
3. Extensive reclassification of large commercial and institutional customers and industrial boiler fuel users with peak-day requirements between 750 and 1,500 Mcf to bring state criteria closer to the federal criteria.

After hearing, Items 1 and 2 were adopted by Decision No. 90776 dated September 12, 1979. Three days of hearings in July 1980 considered:

1. Reclassification of large commercial and institutional customers and industrial boiler fuel users with peak-day requirements between 750 and 1,500 Mcf to bring state criteria closer to federal criteria applicable to interstate pipelines.
2. Creation of a new priority for cogenerators pursuant to Section 454.7 of the Public Utilities Code.
3. Miscellaneous items affecting interested parties, including Los Angeles Department of Water and Power Scattergood Unit 3, elimination of Priority 2A (temporary) and out of sequences seasonal curtailment.

Based on an improved outlook for gas supply, the decision (1) eliminates the P-2A (temporary) classification moving these customers permanently to P-2A, (2) approves with certain stipulations

Introduction

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On January 5, 1979 the Commission solicited comments from respondents and all interested parties in Case No. 9642 on the following staff-proposed changes to that end-use priority system:

- "1. The assignment of certain central heating plants serving residential and commercial complexes to Priority 1 from the presently effective Priority 3.
- "2. The assignment of electric utility gas turbines to Priority 3 from the presently effective Priority 5.
- "3. Extensive reclassification of large commercial and institutional customers and industrial boiler fuel users with peak-day requirements between 750 and 1,500 Mcf to bring the state criteria closer to the federal criteria applicable to interstate pipelines serving California."

By Decision No. 90776 dated September 12, 1979 we redefined residential use wherein P-3 central heating plant multi-unit residential/commercial complexes with a peak-day demand greater than

^{1/} After hearing Decision No. 86357 provided that when a boiler fuel use customer has a peak-day demand of 750 thousand cubic feet (Mcf) or less, the customer falls in Priority (P) 3; while boiler fuel use customers with a peak-day demand of more than 750 Mcf fall into P-4. A complete chronology of decisions issued affecting the priority system appears in Appendix A.

Further hearings were held July 14, 15, and 16, 1980 to consider additional circumstances which affect the end-use priority curtailment plan. Items addressed included (1) proposed extensive reclassification of large commercial and institutional customers and industrial boiler fuel users with peak-day requirements between 750 and 1,500 Mcf to bring the state criteria closer to the federal curtailment criteria applicable to interstate pipelines, (2) the Federal Energy Regulatory Commission (FERC) Order No. 29, and (3) Section 454.7 of the Public Utilities Code (AB-524). In addition to the above, other parties made presentations on their own behalf requesting elevation in priority.

Staff Presentation

The staff testimony and exhibits were sponsored by Raymond G. Parks, assistant utilities engineer. Parks testified that to demonstrate the diverse impacts of Item 3 of the Commission's January 5, 1979 mailing, FERC Order No. 29 and Section 454.7 on the end-use curtailment system, he developed three theoretical revisions of the curtailment plan. These revisions from Exhibit 224, which illustrate the impact of the staff-proposed changes to the curtailment plan, follow:

CORRECTION

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THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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Based on an improved outlook for gas supply, the decision (1) eliminates the P-2A (temporary) classification moving these customers permanently to P-2A, (2) approves with certain stipulations

the elevation of the LADWP Scattergood 3 unit to P-3 from P-5, (3) eliminates the requirement that Commission approval be obtained prior to a utility serving a new industrial customer having a peak-day demand in excess of 300 Mcf, and (4) eliminates out of sequence curtailment of seasonal use customers for purposes of curtailment equalization within a given priority. It also creates a new Priority 3A for cogeneration in compliance with Section 454.7 of the Public Utilities Code.

The decision also reviews the status of the permanent El Paso curtailment plan submitted for FERC approval. It explains that while no weight can be given El Paso's plan until FERC approval, future gas deliveries to California will be independent of any differences in El Paso's and California's curtailment plans.

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100 Mcf were transferred to P-1 and electric utility gas turbines were reassigned from P-5 to P-3, putting into effect Items 1 and 2.

On October 8, 1979 Central Plants, Inc. (CPI) and Century City, Inc. (CCI) (petitioners) sought interim relief to transfer CPI and others similarly situated from their currently assigned P-4 to P-3, pending further hearings. Because of the lack of evidence on any impending curtailment of P-4 customers for the 1979-80 winter and because hearings on Item 3 of the staff proposal had been scheduled, we concluded that any decision on the request was premature. By Decision No. 90998 dated November 6, 1979 we denied petitioners' request and by Decision No. 90996 dated November 6, 1979 in Application No. 57326 we also denied CPI's request for restoration to P-3.^{2/}

Hearings held December 11, 1979 at Los Angeles and January 17, 1980 at San Francisco before Administrative Law Judge Banks were restricted to the receipt of evidence and testimony relative to the reclassification of customers making energy efficiency investments (solar, cogeneration, and P-4 commercial and institutional customers with central heating plants). Parties were encouraged to present testimony to support any changes they might recommend in this regard for the Commission's consideration. The staff, through its witness, made no specific recommendations at this time, but stated that if a priority upgrading were proposed merely to reward customers for the installation of energy-efficient equipment, such a proposal would be inconsistent with the end-use curtailment concept and therefore inappropriate.

^{2/} CPI was downgraded to P-4 by Southern California Gas Company (SoCal) as a result of Decision No. 86357.

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TABLE 2
 MISSOURI DIVISIONS IN STATE GUARANTEED FIRM

Current Priority	Current Description	Revised Priority	Revised Description	Revised Priority	Revised Description
1	All residential use. All use 100 KW/d or less.	1	All residential use. High priority use. All use 100 KW/d or less.	1	All residential use. All use 100 KW/d or less.
2A	Feedback A non-residential use over 100 KW/d where alternate fuel not feasible. Electric utility start-up & boiler fuel.	2A	Industrial feedback A non-residential use over 100 KW/d where alternate fuel not feasible. Electric utility start-up & boiler fuel.	2A	Feedback A non-residential use over 100 KW/d where alternate fuel not feasible. Electric utility start-up & boiler fuel.
2B	Customers over 100 KW/d with 10% standby, but alternate fuel not feasible. CFC-approved deviations from standby fuel receipts.	2B	Customers over 100 KW/d with 10% standby, but alternate fuel not feasible. CFC-approved deviations from standby fuel receipts.	2B	Customers over 100 KW/d with 10% standby, but alternate fuel not feasible. CFC-approved deviations from standby fuel receipts.
3	All use not in another priority.	3A	Industrial use not in another priority.	3A	Conservation. All use not in another priority.
4	All boiler use over 750 KW/d. General plant boilers.	4	Industrial boiler use over 750 KW/d. General plant boilers.	4	All boiler use over 750 KW/d. General plant boilers. Utility steam-electric.
5	Utility steam electric.	5	Utility steam electric.	5	Utility steam-electric.

1/ On October 4, 1979, P24(D) customers involved capable of using an alternate fuel were transferred to a lower priority. This transfer did not apply to (1) residential customers and (2) residential essential agricultural customers.

2/ Schools, hospitals, fire and police protection, sanitation and other local facilities.

Revision A

Revision A is the most like the El Paso Natural Gas Company (El Paso) curtailment plan, although the numerical priority designations are different. In Revision A, the "high priority users" are in P-1A and "essential agricultural users" are in P-1B. P-2A contains industrial feedstock and process uses, and P-2B remains the same. P-2C is new and contains former P-3 and P-4 commercial customers over 100 Mcf on a peak day. P-3A is new and contains cogeneration. P-3B contains all use not in another priority. P-4 contains industrial use only, and P-5 remains the same.

In Revision B, a special P-2C is created for former P-3 and P-4 commercial customers, and a special P-3A is created for cogeneration. P-3B contains all use not in another priority.

Revision C is the same as the existing curtailment plan except that a special P-3A is created for cogeneration pursuant to the new Section 454.7 of the Public Utilities Code, and the old P-3 becomes P-3B. It should be noted, however, that not all cogeneration must be in P-3A. If a customer is in a higher priority than P-3A before he makes a cogeneration conversion, then he will remain in that higher priority. Thus, no customer would be downgraded in priority by virtue of any cogeneration installation he might make. In Revision A, for example, if a cogenerator is also a high priority user or an essential agricultural user, etc., then by virtue of this special user status it would be classified in a priority higher than 3A. This would also apply to an existing customer in P-1 or P-2. If a large apartment complex in P-1 has a cogeneration unit installed to produce electricity and hot water, then the gas used in such a cogeneration unit would remain in P-1 and not be reduced to P-3A.

Staff Analyses

If Revision A were in effect as the Commission's curtailment plan in 1978, the staff exhibit shows that statewide gas requirements of 401 million cubic feet per day (MMcf/d) would shift from lower priorities to P-1A and P-1B. Of this 401 MMcf/d, 78 percent would either have fuel oil or liquid petroleum gas (LPG) standby facilities installed and ready for operation at the time of transfer. The 1979 data shows that 81 percent of the requirements shifted to P-1 under Revision A would be capable of burning fuel oil or LPG at time of transfer.

Revision B is less drastic than Revision A, and the staff exhibit shows only an elevation of 75 MMcf/d in 1978 with alternate fuel capability from P-3 to P-4 to the new P-2C. Using 1979 data, the transfer amounts to 70 MMcf/d.

In Revision C the only changes from the present curtailment plan are the classification of cogeneration in P-3A and the classification of the old P-3 as a new P-3B.

It should be noted that in each revision the total gas requirements are not changed. Only customers with alternate fuel capabilities are moved to higher priorities and P-4 is made smaller. This only exposes P-3 customers to curtailment sooner, while those who can use an alternate fuel are elevated to a higher priority and provided with a greater degree of protection from curtailment.

The following table shows the percent reduction in the P-4 requirements for each revision in 1978 and 1979:

<u>Revision</u>	<u>Percent of Reduction</u>	
	<u>1978</u>	<u>1979</u>
A	82	73
B	43	32
C	21	16

With respect to the reclassification of large commercial and institutional customers and industrial boiler fuel users with peak-day requirements between 750 and 1,500 Mcf to align state criteria with federal criteria, the staff does not propose any change. It recommended that the break between P-3B boiler fuel and P-4 boiler fuel remain at 750 Mcf/d on a peak day. Staff alleges that there appears to be no advantage in reducing the size of P-4 as a curtailment block but that it is preferable to keep P-4 as large as possible to protect P-3B and P-3A from curtailment.

The state curtailment plan established by the Commission in Decisions Nos. 85189 and 86357 is modeled after the FERC procedures applicable to El Paso. Originally, the predecessor of FERC, the Federal Power Commission (FPC), in Order No. 467-B, created an end-use plan which was a statement of policy establishing interstate pipeline curtailment categories and their relative priority. However, the two plans (state and federal) now differ substantially after FERC issued its permanent curtailment rule (Order No. 29) to implement Section 401(a) of the Natural Gas Policy Act.

The staff witness, Parks, reviewed several provisions of the FERC El Paso tariffs, namely, the so-called "high priority users", the essential agricultural users, commercial users, and the peak-day volumes separating P-3 and P-4.

However, as staff witness Parks noted, the Commission in Decisions Nos. 85189 and 86357 established an end-use priority system and concluded that a true end-use plan requires that the use of gas and not the end product should determine the appropriate customer priority. It found that a distinction based on customer classification, i.e., industrial and commercial rather than how the gas is used at the burner tip is a social judgment and not based on the end-use concept.

Finally, in its Decision No. 85189 dated December 2, 1975, the Commission upon ordering the establishment of its end-use priority system for the statewide allocation of natural gas expressed in Finding 6 the cornerstone of the system; namely, "The critical consideration which must be controlling in any effort to reasonably distribute the effects of a sustained shortage in a manner which is the least adverse to the public interest is the relative capability of different classes of customers to utilize fuels other than natural gas."

The staff, therefore, rejected Revisions A and B concerning the new revisions of FERC Order No. 29 and Item 3 of the Commission's January 5, 1979 mailing.

Cogeneration

Stats. 1979, Chapter 922 added Section 454.7 to the Public Utilities Code, to read:

"The Commission shall, to the extent permitted by federal law and consistent with Section 2771, provide cogeneration technology projects with the highest possible priority for the purchase of natural gas."

Section 2271 provides:

"The commission shall establish priorities among the types or categories of customers of every electrical corporation and every gas corporation, and among the uses of electricity or gas by such customers. The commission shall determine which of such customers and uses provide the most important public benefits and serve the greatest public need and shall categorize all other customers and uses in order of descending priority based upon these standards. The commission shall establish no such priority after the effective date of this chapter which would cause any reduction in the transmission of gas to California pursuant to any federal rule, order, or regulation."

The staff states that it believes that P-3A for cogeneration technology is a balance of Sections 454.7 and 2771 of the Public Utilities Code. It states that cogeneration will involve boilers and gas turbines which can use an alternate fuel. This places cogeneration technology in the highest possible alternate fuel capability classification.

Other Minor Recommendations

The staff recommended that the "old" P-3 be divided into P-3A and P-3B and that P-2 (temporary) be abolished. P-3A would contain cogeneration projects and P-3B would cover the remainder of old P-3.

Decision No. 90794 determined that the deadline of October 1, 1979 for the transfer of all P-2A (temporary) gas customers to a lower priority did not apply to (a) commercial and institutional customers and (b) qualified essential agricultural use customers. There are 125 such customers in northern California requiring 8.7 Mcf/d and 30 in southern California requiring 13.1 Mcf/d. These former "firm" customers were never required to have standby fuel facilities, and in the light of present day gas forecasts, the staff proposed that they be exempt from installing standby fuel facilities.

The staff also recommended that P-1 customers who exceed 100 Mcf/d and P-2A (temporary) customers be transferred to P-2B, "Customers with CPUC-approved deviations from the requirements of standby fuel facilities." It stated that since present day gas supply forecasts have improved, this recommendation would eliminate the administrative burden on all concerned of processing on a case-by-case basis any such former "firm" customers seeking hardship relief from the standby fuel facility requirements of P-3B.

Finally, the staff recommended that seasonal use customers be exempt from out-of-sequence curtailment in order to equalize annual curtailment levels among all the customers in a given priority class.

It was stated that seasonal use customers require gas when demand from a distribution utility is at its lowest, i.e., the summer and fall months. The requirements to equalize curtailment forces the seasonal use customers to burn oil unnecessarily and restricts the utility's flexibility in the use and storage of gas.

Southern California Gas Company (SoCal)

Frank X. Morris, Commercial/Industrial Market Services Manager, testified on behalf of SoCal. He stated it supports the staff recommendation for the creation of a P-3A cogeneration priority. In its support SoCal states that this classification should be available only to "qualified" cogeneration facilities as defined in FERC Order No. 70.^{3/} SoCal states that the staff definition is too broad and its use would permit de minimis or token uses of cogeneration as well as more meaningful applications. It argues that by comparison under the operating and efficiency standards of Order No. 70, only bona fide cogeneration uses would qualify for P-3A classification assuring more substantial results in the efficient use of natural gas, oil, or other primary energy resources.

With respect to utility cogeneration facilities, it is argued that electric utility customers would tend to maximize electrical output rather than fuel efficiency and that they would have adequate incentive by assignment of their facilities to P-3B.

SoCal also agrees with the staff that present P-1 and P-2 customers with cogeneration facilities should continue to enjoy their higher classification so long as they continue to qualify for it independently.

^{3/} Docket No. RM 79-54, 18 CFR, Part 292.

SoCal opposes the staff proposal to eliminate P-2A (temporary) and transfer nonresidential, alternate fuel feasible, and above 100 Mcf/d on a peak-day to P-2B. It argues that since the inception of the end-use priority system, a number of P-1 customers whose consumption increased to a level where they no longer qualify for that priority have been transferred to P-3 and required to install alternate fuel facilities. Further, there are existing P-1 customers who are capable of using an alternate fuel (formerly interruptible customers) and it does not make sense to create a special criterion for P-2A (temporary) and certain P-1 customers.

SoCal states that the word "process" in the staff definition of P-2A should be replaced with the term "nonresidential" to insure that all commercial and many industrial users with no alternate fuel capability qualify for P-2 classification.

With respect to the interested parties, most notably the schools and hospitals seeking reassignment of their priority classification, SoCal states that the common theme that one must promote the social utility of the particular endeavor must be rejected. SoCal states that such is contrary to the end-use system which has been so carefully thought out and that the basic rule that those with similar access to alternate fuels be treated similarly in service classification has not been shown to operate unfairly. Further, SoCal states that any changes in the current end-use priority system must be justified on the basis of general benefits to all of SoCal's customers and not merely because of the supposed relative merits of a particular end product.

Pacific Gas and Electric Company (PG&E)

PG&E supports the staff recommendation to abolish P-2A (temporary) but states that these customers should be transferred to either P-3 or P-4 as appropriate rather than P-2B as recommended by the staff. PG&E supports adoption of a cogeneration priority and

feels that no distinction should be made for cogeneration facilities owned by utilities. Without taking a position on whether or not the Los Angeles Department of Water and Power's (LADWP) request to serve Scattergood Generating Station Unit 3 (SGS-3) in P-3 is valid, PG&E states it should be given such treatment only under certain conditions. Finally, PG&E agreed with staff's recommendation that all seasonal use customers should be exempted from out-of-sequence curtailment.

With respect to the elimination of P-2A (temporary) uses by transferring such uses to P-2B, PG&E states that this could lead to dissatisfaction among former P-2A (temporary) customers who installed alternate fuel capability and were subsequently transferred to P-3 or P-4. PG&E argues that these customers receive a double penalty: (1) incurred capital costs for additional planned facilities and (2) a lower priority while experiencing higher fuel bills upon being transferred to the lower priority. PG&E states that while present gas supply forecasts are favorable, forecasts are subject to change. Further, once reassigned to P-2B such customers could install additional equipment or replace existing facilities with equipment that does not have alternate fuel capability. PG&E argues that the assignment of P-2A (temporary) customers to P-3 or P-4 would avoid this potential problem.

On LADWP's request, PG&E takes the position that should the Commission grant the request, the same conditions proposed by San Diego Gas & Electric Company (SDG&E) should be imposed. SDG&E

SDG&E expressed concern over the staff proposal to abolish P-2A (temporary) and the transfer of these customers to P-2B and the request of LADWP to elevate SGS-3 to P-3 on a permanent basis. SDG&E stated that the transfer of P-2A (temporary) customers to P-2B

should be limited to their existing equipment only. Should existing equipment be replaced or capacity enlarged, it should carry a P-3 or P-4 classification.

With respect to SGS-3, SDG&E states it is troubled at a move of the magnitude requested at the expense of other customers. SDG&E states that the LADWP request should only be granted under the following conditions:

1. SGS-3 should be placed in a new P-3C category placing it just above P-4 customers.
2. LADWP should seek federal relief through a FERC order to raise SGS-3 deliveries to a federal P-3.
3. SGS-3 should burn P-5 gas when it is available.
4. Rates for P-3C gas should be at the same level as for P-3B customers.
5. Any reassignment of SGS-3 be temporary subject to annual Commission review to determine whether it should continue to enjoy such a high classification.

SDG&E supported the staff proposal for creation of a P-3A classification for cogeneration. It took exception to the SoCal proposal for adoption of the FERC definition of ownership for qualified cogeneration facilities. It is argued that the FERC ownership criteria were adopted for purposes of the Natural Gas Policy Act (NGPA), which exempt cogeneration from the Federal Power Act and the Public Utilities Holding Company Act.

Southern California Edison Company (Edison)

Edison opposes the LADWP request to elevate SGS-3 from P-5 to P-3 and recommends that the Commission should urge LADWP to seek federal relief from FERC. Edison argues that (1) any elevation

of SGS-3 to P-3 without a prior FERC authorization and without pay back of gas to other P-5 electric generation gas users would emasculate the concept of parity among electric utility gas users and (2) elevation of SGS-3 without a similar prior curtailment priority change by FERC in El Paso's curtailment plan could result in a loss of gas to California in violation of Section 2771.

LADWP

Testifying for LADWP was its governmental affairs coordinator James E. Helt and fuel supply administrator John O. Russell. LADWP requests that its SGS-3 be permanently classified as P-3. It argues that (1) SGS-3 has no alternate fuel capability; (2) the Commission recognized SGS-3's problems by granting a P-3 classification in Resolution No. G-2311; (3) it makes no sense to have a \$120 million facility idle for lack of fuel while other industrial facilities with alternate fuel capability are burning gas; (4) overall fuel consumption would be reduced because SGS-3 is LADWP's most efficient unit; (5) it would help firm up the State's electric power supply; and (6) there would be no effect on parity with other electric utilities until 1983.

California Farm Bureau Federation (Farm Bureau)

Farm Bureau favors adoption of Revision A of Exhibit 224 wherein all agricultural use is placed in P-1B. It argues that this revision most closely approximates the FERC curtailment plan and would thus assure proper allocation of interstate gas to California. It also argues that California's current curtailment plan is based on end-use rather than end product and this coupled with Commission pricing policies creates inequitable economic conditions which could not occur if the state plan is patterned after the FERC plan. Finally, it argues that since agriculture is of the utmost public benefit, it should be accorded the highest priority.

Leland Stanford University (Stanford)

Stanford's energy program manager Linda Weisberg testified that notwithstanding the alternate fuel capability of schools and hospitals, they should enjoy a high priority classification in keeping with the priority classification provided by NGPA. Stanford's position is that such a classification is mandatory because Section 2771 provides that no priority shall be established that would cause any reduction in the transmission of gas to California pursuant to any rule, order, or regulation. It also argues that (1) Section 739 requires high priority for lifeline quantities of gas used for residential and life-support purposes; (2) continuing low priority for large schools is unjust because it results in unequal treatment; (3) the volume of gas shifted because of such an elevation is small and would not have a significant effect on the priority scheme; and (4) the staff failed to consider as an alternative to fuel curtailment that users in a lower priority be curtailed only 80 percent before users in the next higher priority are curtailed.

Stanford also objected to the receipt of any evidence on the elevation of SGS-3 to a higher priority. It states that the hearing was noticed as limited to determine inconsistency in the state and federal curtailment plans, and since SGS-3 is treated the same in both federal and state systems, it is inappropriate to hear the request of LADWP.

Ammonia Producers

The Valley Nitrogen Producers, Inc. and Union Chemicals

Division of Union Oil Company of California (Ammonia Producers)

stated in their brief that after reviewing the staff-proposed revisions contained in Exhibit 224 and considering their position with respect to the NGPA and California's curtailment plan, they were satisfied with their P-2A classification.

GM also stated that the contention of many of the parties that California will lose gas if it does not conform to the federal criteria is sheer speculation. It states that settlement negotiations in El Paso's curtailment cases (FERC Docket No. RP 72-6, et al.) are currently underway and that based on the committee's discussions to date it appears that El Paso's deliveries, as between California distributors and east of California distributors, will be based on fixed, historic end-use profiles for their respective systems and thus will not affect the manner in which the California distributors sell natural gas.

Loma Linda University (Loma Linda)

John H. Kriley, physical plant administrator for Loma Linda, testified that Loma Linda is presently classified as P-4 because its peak-day demand is over 750 Mcf and requested that Loma Linda be upgraded to P-3. Kriley stated that Loma Linda has a new energy conservation program which includes the installation of a new central boiler facility to provide hot and chilled water throughout the campus buildings. He stated that this new system is designed to replace three inefficient boilers now being utilized and that the centralized heating and cooling will provide maximum energy efficiency while reducing energy costs. In addition, in conjunction with the installation of the central boiler facility, Loma Linda is planning to install two steam turbine generating units between the boilers and the steam absorbers to generate a portion of its electricity needs.

On cross-examination Kriley would not agree that industrial P-4 customers who convert individual units to a central facility or initially construct a central facility should be afforded the P-3 classification, stating that he saw a distinct difference between an educational institution and a manufacturer.

California Asphalt Pavement Association (Association)

Robert R. Munro testified on behalf of the Association. The Association's members are producers of asphaltic concrete which is used for the construction and maintenance of streets and highways. Members are presently classified as P-3 because their peak-day demand is less than 750 Mcf and are opposed to elevating any P-4 customers because of the installation of a central plant or a cogeneration facility. Munro stated that elevating P-4 customers to P-3 only increases the likelihood that present P-3 customers will face more frequent and larger curtailment. Further, he stated that because most central plants have the capability to burn a low-grade alternate fuel, their costs are not as great as the small P-3 customers who must burn the more expensive No. 2 diesel as an alternate fuel.

Glass Containers Corp. (GCC)

Richard Carroll, manager of energy utilization for GCC, testified that as a manufacturer of glass containers for all types of commodities and the employer of approximately 1,100 people with an annual payroll of some \$15 million, GCC is opposed to the elevation of any P-4 customers to P-3. He stated that such action would only dilute the P-3 gas presently available to P-3 customers and reduce quantities available for operations where alternate fuel use has detrimental effects. He also stated that through various conservation methods GCC has reduced its energy consumption by approximately 15 percent since 1972 in two of its plants and a third plant's furnace is scheduled to undergo major rebuilding in 1980 to increase efficiency.

University of California (University)

The University appeared and filed a brief requesting (1) the elevation from P-2A (temporary) to P-1 for four dormitory facilities at its Los Angeles campus; (2) an overall high priority designation for service to schools and hospitals; and (3) an overall high priority for service to cogeneration facilities.

Testifying on behalf of the University was Harry K. Winters, senior engineer for energy matters at systemwide administration. Winters stated that the University's campuses are presently assigned to a P-3 and P-4 priority service and served under the same rate schedules as industrial customers with the same priority classification. He stated that the University supported the provisions of the NGPA, wherein schools and hospitals are classified as high priority users and exempt from incremental or alternative fuel-related pricing. He stated that the University proposes that schools and hospitals currently with P-3 and P-4 priorities, but exempt from incremental pricing under NGPA, should be reassigned to P-1. Such a reassignment would thereby exempt the schools and hospitals from incremental pricing since the only rate schedules based on alternative fuel capability are P-3 and P-4. At the July 15 hearing, Winters testified that while requesting an elevation in priority, he purposely omitted the request for P-1 because it may not be accommodated. He stated the University could support either Revisions A or B of staff Exhibit 224.

On cross-examination Winters stated that the present priority scheme, as well as the utilities' rate schedules, fail to make a distinction between institutional and industrial/commercial usage which he feels should be made. He admitted that no campus had been curtailed but stated that at one time the Irvine campus had a

supply of only 24 hours of alternate fuel. Winters stated that all schools and hospitals should be afforded a P-1 priority but admitted that he had no idea of the effect of his recommendation on the quantity of gas or the number of schools or hospitals that would be affected. Finally, Winters stated that part of the motivation for requesting P-1 service, in addition to an assured supply of gas, was the differential in rates between P-1 and P-4.

With respect to the four dormitory facilities, the University argues that P-1 is the proper classification since P-1 is for residential use and the dormitories are strictly residence halls.

CPI

CPI's position is that it is unfair and illogical to classify its central facility at Century City in P-4 since less energy-efficient boilers could have been installed at each of the buildings served by it and yet each would qualify for the higher P-3 priority.

Testifying for CPI at the December 10, 1979 hearing, Lee H. Freeman stated that CPI's natural-gas-burning central plant is significantly more energy-efficient than separate boilers installed at each respective building. Freeman translated the estimated peak-day demand of energy received by the various buildings in the complex served into Mcfs. This tabulation shows that each building in the complex has a peak-day demand of less than 750 Mcf. Thus, each building would receive P-3 service if it were served through its own gas-fired boiler.

In explaining how the CPI facility is more energy-efficient than individually fired heating and cooling units, Freeman stated that efficiency is brought about in two ways; first, by installing different types of equipment than would be generally possible in individual gas-fired plants and, second, by the operating flexibility made possible by having a multiplicity of machinery at the central

location. He estimated that CPI has saved over 40 million therms of gas in the past 13 years by the installation of its central boiler facility.

CPI stated in its brief that it supported the creation of a cogeneration priority and argued that the same logic for rewarding cogenerators should apply to customers like CPI who have demonstrated significant energy savings by virtue of the establishment of central plant facilities.

CPI argues that it is essential that the state and federal curtailment plans be in line with each other since interstate gas with a high priority should be received by the intended ultimate high priority user and not diverted to lower priority customers. It further argues that assigning a lower priority to California customers would violate Section 2771 of the Public Utilities Code.

GM objects to elevating CPI and other P-4 customers to P-3, stating that it is premature, that no compelling circumstances for any elevation have been shown, and that it is inconsistent with sound end-use curtailment principles.

Canners Steam Company, Inc. (Canners)

Canners, a customer-owned and operated central steam facility serving tuna and related fish product processors at Terminal Island in southern California, did not participate in the hearing but filed a letter supporting the elevation of central steam plants to P-3.

Canners states that the present P-4 classification is punitive to Canners in that its central boiler replaced some 22 inefficient boilers using less than 750 Mcf/d and that if such action had not been taken, all 22 inefficient boilers would be classified as P-3. Canners believes there should be an incentive for the consolidation of less efficient P-2 and P-3 boiler fuel customers into more efficient central energy facilities.

California Manufacturers Association (CMA)

CMA's position is that the Public Utilities Code, which required the establishment of a priority system, precludes the elevation of customers because of efficiency. CMA argues that the fundamental basis for the present priority system is the ease and expense of providing alternate fuel in the event of interruption of service and that the request for elevation ignores this basic principle. Further, CMA argues that while there may be some sound public policy basis for allocating natural gas on efficiency of use and such would add to the incentive for conservation, it should not be done piecemeal. Finally, CMA states that legislation is required if efficiency is to be a criterion for reviewing the present priority system rather than the criteria used in Decision No. 85189.

Other Parties:

Alan R. Ross representing the Hospital Council of Southern California stated that under current curtailment priorities hospitals are in an extremely vulnerable position. His position is that hospitals need the flexibility afforded them by a higher natural gas priority. He feels that the security of a readily available supply of fuel oil is frequently in jeopardy.

Ronald B. Harris made a presentation on behalf of the California Community Colleges. The Board of Governors adopted a resolution dated April 24, 1980 that all community college districts should develop and maintain a program of energy and resource conservation for each of their respective collegiate geographic areas. Harris urged that the community colleges be upgraded in priority stating that such was in the public interest because of the services provided. He also argued that the California plan must recognize the high priority afforded schools under the federal curtailment plan to insure delivery of gas during curtailment of interstate gas.

Robert L. Schmider of Thatcher Glass Manufacturing Co. testified that he too was fearful that the upgrading of P-4 central boiler customers to P-3 would dilute the present availability of P-3 gas and, in addition to more frequent interruption of service, would require the use of an alternate fuel which would accelerate furnace deterioration.

Discussion

From the above summaries, it is clear that revision of the end-use priority system is favored by those parties seeking an elevation in priority. The utilities are neutral. The reasons advanced include efficiency of operation, thereby conserving a natural resource, the punitive effect of certain volumetric criteria, and the need to assure gas to California by aligning the state priority classifications more closely to those of NGPA.

Those opposed believe it is premature to alter the scheme prior to completion of hearing from all affected customers. They argue that any revision at this time would be a piecemeal or band-aid approach with the potential for setting a trend that would be an administrative nightmare.

The end-use priority scheme now in effect was adopted in December 1975 after 21 days of hearing in San Francisco, Los Angeles, and San Diego. It is a comprehensive, workable, and detailed plan which answers most of the troublesome questions facing this Commission relative to the State's gas supply. As pointed out in that decision, the basis for any end-use priority plan is how the gas is to be used at the burner tip with an underlying consideration of the economic and technological feasibility of conversion to an alternate fuel.

In Decision No. 85189 we distinguished between gas for industrial boiler fuel use and commercial boiler use, but in Decision No. 86357 we eliminated that distinction stating that:

"A true end-use plan requires that the use of the gas and not the end product should determine the appropriate customer priority.

As pointed out and concurred in by most participants, a distinction based on customer classification, i.e., industrial and commercial, rather than how the gas is used at the burner tip is a social judgment and not based on the end-use concept."

As stated by many participants, the common denominator of all the proposals for upgrading is the introduction of end product and social utility considerations which dilute the effectiveness of a curtailment system based on end use.

The wholesale elevation of present P-4 customers to a higher priority makes no sense.

There is no evidence of any pending curtailment of P-4 customers and consequent associated hardship to justify any change in priority. In fact, present supply forecasts indicate little, if any, curtailment through mid-1980. Further, these P-4 customers have the ability to burn an alternate fuel.

Another matter related to gas supply forecasts is the restriction placed on utilities to prohibit service to certain new customers and to prohibit increased service to certain existing customers. Since establishment of its end-use priority system for curtailment of natural gas in late 1975, this Commission has acknowledged improvements in gas supply forecasts by relaxing these restrictions.^{4/}

4/ Decision No. 89337 lifted the moratorium on gas service to customers over 50 Mcf/d and required Commission approval only for new industrial boiler loads over 300 Mcf/d.

We feel it is time again to evaluate our position on gas service restrictions in two areas; namely, the insistence on alternate fuel capabilities for P-2A (temporary) customers, and the elimination of the requirement for Commission approval before serving new industrial boiler loads over 300 Mcf on a peak day.

P-2A (temporary) customers are those customers who, under the firm/interruptible system were firm, nonresidential customers not subject to curtailment and who, therefore, did not maintain alternate fuel facilities. They were classified as P-2A (temporary) because, although it was technically feasible for them to burn an alternate fuel, they did not have the alternate fuel system installed. In the past when such customers installed alternate fuel systems, they were transferred to a lower priority and became subject to curtailment. Today those customers remaining in P-2A (temporary) are a small group of commercial and institutional customers and essential agricultural use customers who were exempt from the October 1, 1979 deadline for transfer to a lower priority by Decision No. 90794 dated September 12, 1979.

The staff witness proposed that P-2A (temporary) classification be abolished, and those remaining customers be transferred to P-2B, "Customers with CPUC-approved deviations from standby fuel requirement". With respect to the argument that abolition of priority classification P-2A (temporary) and the moving of these customers to P-2B would be unfair to those who have expended funds to install alternate fuels and are now in a lower priority, as testified by witness Parks, since the adoption of the end-use priority scheme, the supply picture has changed dramatically from what it was in 1972-1974. To require these customers today to make unnecessary investments in standby fuel facilities based on

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conditions prevailing in 1972-1974 is unjustified and unwarranted. In the light of present day gas supply forecasts, we agree with the staff's position that those remaining P-2A (temporary) customers should not be required to install alternate fuel facilities. We propose to abolish P-2A (temporary) as a priority classification and transfer those remaining customers to P-2A rather than to P-2B. The staff-proposed transfer to P-2B is cosmetic, involves small volumes of gas, and does not affect the system in any notable way. P-2A and P-2B, for all intents and purposes, are equally protected. It should be noted that these transfers are unique and apply only to those customers involved in the abolition of P-2A (temporary).

A corollary to this transfer of P-2A (temporary) to P-2A is the P-1 customer who exceeds 100 Mcf on a peak day for three consecutive months. Such a P-1 customer shall also be transferred to P-2A; provided that the only gas-burning equipment involved is the same equipment by which the customer was classified as P-1 in the first place. Any former P-1 or P-2A (temporary) customer who is transferred to P-2A as a result of this order may, at the customer's option, elect to install standby fuel facilities and be transferred to the appropriate lower priority.

Again, based on the improved, current gas supply forecasts, we feel that the limitations on new industrial boiler service imposed by Decision No. 89337 dated September 6, 1978 are no longer required. We shall permit utilities to serve all new customers without restriction; however, the semiannual report on the number of new connections where the peak-day requirement of the customer exceeds 50 Mcf shall be continued in effect.^{5/}

^{5/} Decision No. 89337, Ordering Paragraph 3.

With respect to the allegation that central boilers are more efficient but small individual boilers are entitled to a higher level of service, the fact remains that the volume of gas consumed that would be transferred to a higher priority is extremely large and, as argued by many, dilutes the gas available to the higher priorities increasing the likelihood that present P-3 customers will face more frequent and larger curtailment.

With respect to the various allegations that schools and hospitals should be elevated to P-1 pursuant to the NGPA, we only point out that with the exception of the incremental pricing provisions, the NGPA does not require state regulatory agencies to adopt the rules or orders issued by the Federal Department of Energy. Title IV of NGPA expressly applied to interstate pipelines only. As we stated in Paragraph 4 of Resolution No. G-2334 dated November 30, 1979, wherein the utilities filed requests to implement a procedure to file revised tariff sheets relating to incremental pricing:

"4. The Commission, through a rulemaking procedure, will seek comments on a rulemaking procedure from interested parties on the proposed tariffs to implement incremental pricing before issuing a final order."

It is worth noting that the University witness stated on cross-examination that a primary reason for seeking a change in priority was for the University to receive more favorable rate treatment. While that is an understandable goal, Case No. 9642 was instituted to investigate the natural gas supply and requirements of the State's gas utilities and is not the proper forum for this issue. Rate design is an issue for a general rate proceeding. If that is the concern of the University, it should be pursued in a rate proceeding involving the utility serving the various campuses.

With respect to the contention by some parties that California will lose gas to east of California customers, El Paso and its customers, after nine years of effort, are still without an allocation plan on which they may rely and plan for the future. Indeed, the ultimate resolution of those issues involving the present plan which require resolution either before the FERC or the courts remain uncertain.

The Commission is prohibited by Section 2771 of the Public Utilities Code from establishing any priority which would cause any reduction in the transmission of gas to California pursuant to any federal rule, order, or regulation, but until a permanent allocation plan is approved by FERC for El Paso, a final determination of the prohibition in Section 2771 cannot be made.

At present, El Paso which chaired a settlement committee of interested parties (including members from PG&E, SoCal, and the Commission) to write a new permanent allocation plan, has submitted the plan to the FERC for approval. The new permanent plan will allocate El Paso's gas to its California and east of California customers based on fixed, end-use profiles. While no weight can be given to this plan until FERC approves it, future gas deliveries to California will be independent of any differences in El Paso's and California's curtailment plans. FERC approval is expected in late spring of 1981. If the new, permanent El Paso allocation plan, as approved by FERC, results in any potential to reduce or actually does reduce gas deliveries to California as a result of differences in the El Paso and the California curtailment plans, then Case No. 9642 will be reopened to resolve those differences.

The Calvo Bill (AB 524) added Section 454.7 to the Public Utilities Code as follows:

"The Commission shall, to the extent permitted by federal law and consistent with Section 2771, provide cogeneration technology projects with the highest possible priority for the purchase of natural gas."

Staff witness Parks recommended in his testimony that the Commission create a new priority P-3A for cogeneration technology since it would be a balance between Sections 454.7 and 2771 of the Public Utilities Code. Cogeneration will involve boilers and gas turbines, both of which can use alternate fuels, and therefore by placing cogeneration in P-3A it would be in the highest possible alternate fuel capability classification. The staff was generally supported in its recommendation. We concur in placing cogeneration technology in a new P-3A classification, and what was the old P-3 will be redesignated P-3B. However, by creating P-3A, we do not intend that all cogeneration must be classified there. We intend that customers who are in a lower priority and develop cogeneration projects will be moved up to P-3A. Those customers in a higher priority who develop cogeneration projects will remain in such higher priority and not be downgraded to P-3A by virtue of any cogeneration installation they might make.

SoCal supports P-3A for qualified cogeneration facilities and believes that this priority should be available to only those customers who meet the operating and efficiency standards in 18 CFR, Part 292.205(a) and (b) and the ownership criteria specified in 18 CFR, Part 292.206 as set forth in FERC Order No. 70. Our purpose here is simply to rank the cogeneration priority in the state's curtailment

system as mandated by the Calvo Bill. The proceedings in Application No. 59459 et al. will prescribe how cogeneration volumes will be determined for billing purposes and will, therefore, define the volumes eligible for P-3A.

The LADWP requests that its SGS-3, a modern \$120 million steam electric generation plant built without standby fuel facilities, be reclassified from P-5 to P-3. Since it began commercial operation in November 1974, it has operated only intermittently because P-5 gas is the first to be curtailed during a supply shortage. The staff witness during cross-examination testified that SGS-3 was unique and that it be treated as a P-3 customer but with two stipulations; namely, (1) SGS-3 pay the higher nonresidual fuel rate for gas and (2) that if LADWP acquires its own source of gas supply that SGS-3 revert to P-5. SDG&E, supported by PG&E, stated that the LADWP request should be granted only under certain conditions noted earlier.

We find that it is in the public interest that SGS-3 operate on a more stable and more consistent basis. SGS-3 should be in a new category P-3C and should be served under SoCal's Rate Schedule GN-32. Further, if LADWP acquires its own source of natural gas supplies in the future, then the P-3C requirement imposed on the SoCal system should be equivalently reduced. SoCal should modify its monthly pro rata allocation of P-5 gas available under Supplement A of Rule 23 to reflect the transfer of SGS-3 to P-3C.

Finally, the staff recommended that seasonal use customers be exempt from out-of-sequence curtailment. Under such a curtailment procedure, the utility is required to curtail seasonal customers in the same proportion of annual requirements that permanent customers in the same priority class were curtailed in the preceding curtailment year. We concur with staff's recommendation and have already approved such an action for PG&E in Resolution No. G-2215 dated May 16, 1978.

The revised end-use priority criteria are summarized in Appendix B.

Findings of Fact

1. A priority system for the statewide allocation of natural gas based on end-use was established by Decision No. 85189 dated December 2, 1975 and modified by Decision No. 86357 dated September 1, 1976.

2. The critical consideration used in establishing the end-use priority system was how the gas is used at the burner tip and the ability of customers to convert their facilities to use of an alternate fuel.

3. On January 5, 1979 the Commission staff solicited comments from respondents and all interested parties in Case No. 9642 on proposed changes to the end-use priority system.

4. By Decision No. 90776 dated September 12, 1979, "Residential Use" was redefined wherein P-3 central-heating plant multi-unit residential/commercial complexes with a peak-day demand greater than 100 Mcf were transferred to P-1. That decision also reclassified electric utility gas turbines from P-5 to P-3.

5. Based on the lack of evidence on any pending curtailment of P-4 customers and because hearings on Item 3 of the staff proposal of January 5, 1979 had not been completed, Decision No. 90998 dated November 6, 1979 denied the petitions of CCI and CPI to be elevated to P-3.

6. Because of Decision No. 86357 SoCal reclassified CPI to P-4 status. By Decision No. 90996 dated November 6, 1979 CPI's application for restoration of P-3 status was denied.

7. Item 3 of the Commission's January 5, 1979 mailing would reclassify large commercial and institutional customers and boiler fuel users with peak-day requirements between 750 and 1,500 Mcf to

bring the state curtailment criteria closer to the federal criteria applicable to interstate pipelines serving California.

8. El Paso has filed a revised gas customer allocation plan for FERC's approval in Docket No. RP 76-2 et al. based on fixed, end-use profiles and independent of the El Paso or California curtailment systems.

9. SGS-3 is a P-5, steam electric generation plant which cannot withstand gas curtailment since it does not have any installed standby fuel capability.

10. The Commission, in Resolution No. G-2215 dated May 16, 1978, abolished out-of-sequence curtailment on the PG&E system for seasonal customers.

Conclusions of Law:

1. The end-use priority system for the statewide allocation of natural gas is a reasonable and workable system.

2. The end-use priority system should be amended to create a new cogeneration priority.

3. It is in the public interest to have the benefits of an on-line SGS-3.

4. The improvement in gas supply forecasts permits a relaxation in current gas service limitations.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. The end-use priority system established in Decision No. 85189 and modified by Decisions Nos. 86357, 87510, 88664, and 90794 is modified and amended as follows:

- a. Create a new Priority 3A for gas use in cogeneration projects as determined by the Commission in response to Application No. 59459 et al.

- b. Create a new Priority 3B to include all use not in another priority and electric utility gas turbines.
- c. Create a new Priority 3C to include the Los Angeles Department of Water and Power's Scattergood Generating Station Unit 3.
- d. Abolish Priority 2A (temporary) and transfer the remaining customers to Priority 2A.
- e. Cancel Ordering Paragraph 2 of Decision No. 89337 requiring Commission approval before a gas utility can provide service for new industrial boiler fuel use with a peak-day demand in excess of 300 thousand cubic feet.
- f. Eliminate out-of-sequence curtailment of seasonal use customers for purposes of curtailment equalization within a given priority.

2. Tariff schedules reflecting the end-use priority changes established herein shall be filed by the respondent utilities in accordance with General Order No. 96-A to become effective within thirty days from the effective date of this order.

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

Dated FEB 18 1981, at San Francisco, California.

John E. Bayne
President
Richard A. Powell
Frederick J. James

Commissioners

APPENDIX A
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Chronology of Decisions
Issued Affecting the California End-Use
Priority/Curtailment System

<u>DATE</u>	<u>ACTION</u>
December 2, 1975	<u>Decision No. 85189</u> established the California End-Use Priority/Curtailment System.
September 1, 1976	<u>Decision No. 86357</u> placed all interruptible gas use with peak-day demands of 100 Mcf/d or less in Priority 1, and changed Priority 4 from industrial boiler fuel where capability of using an alternate fuel is present to existing interruptible boiler use with a peak-day demand greater than 750 Mcf/d.
June 28, 1977	<u>Decision No. 87510</u> modified Finding 13 of Decision No. 85189, concerning gas utility delivery obligations to customers with "own-source" gas supplies. The "own-source" gas definition excluded gas acquired by public utilities for resale or for existing independent supplies which are below pipeline standards. Resolution No. G-2280, dated May 22, 1979 for all intents and purposes eliminated Finding 13.
August 30, 1977	<u>Decision No. 87784</u> extended the deadline established by Decision No. 85189 for the transfer of all Priority 2A (temporary) customers to a lower priority from December 2, 1977 to October 1, 1978.
April 4, 1978	<u>Decision No. 88664</u> extended the deadline established by Decision No. 87784 for the transfer of all Priority 2A (temporary) customers to a lower priority from October 1, 1978 to October 1, 1979.

APPENDIX B
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End-Use Curtailment

The criteria for classifying the uses of natural gas in the California End-Use Curtailment system are as follows:

<u>Priority</u>	<u>Description</u>
1	All residential use regardless of size. All other use with a peak-day demand of 100 Mcf/d, or less.
2A	Nonresidential use in excess of 100 Mcf/d where the use of an alternate fuel is not feasible. Other uses where specific CPUC authorization has been granted. Electric utility start-up and igniter fuel.
2B	Service to customers with LPG or other gaseous fuel standby facilities, where conversion to an alternate fuel is not feasible. Other uses where specific CPUC authorization has been granted.
3A	Cogeneration.
3B	Electric utility gas turbines and all use not included in another priority.
3C	Los Angeles Department of Water and Power Scattergood Generating Station Unit 3.
4	Boiler fuel use with a peak day demand greater than 750 Mcf/d not included in another priority. All use in cement plant kilns.
5	All use in utility steam electric generating plants, excluding cogeneration, start-up and igniter fuel uses, and Los Angeles Department of Water and Power Scattergood Unit No. 3.

CORRECTION

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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3A	Cogeneration.
3B	Electric utility gas turbines and all use not included in another priority.
3C	Los Angeles Department of Water and Power Scattergood Generating Station Unit 3.
4	Boiler fuel use with a peak day demand greater than 750 Mcf/d not included in another priority. All use in cement plant kilns.
5	All use in utility steam electric generating plants, excluding cogeneration, start-up and igniter fuel uses, and Los Angeles Department of Water and Power Scattergood Unit No. 3.

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The following definitions are to be associated with the criteria:

- Alternate fuels: Nongaseous fuels; particularly excluding SNG, LNG and LPG.
- Alternate fuel not feasible: Alternate fuel is considered not feasible if the gas is used as a raw material for its chemical properties in creating an end product, or if the use of alternate fuels is not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics.
- Boiler fuel: Gas used specifically to fire boilers, regardless of the end use of the steam produced.
- Cogeneration: The sequential production of electricity and heat, steam or useful work from the same fuel source.
- Electric utilities start-up and igniter fuel: Electric utility natural gas use where the use of an alternate fuel is not feasible for: (1) heating the boiler system adequately during start-up to enable efficient oil burning to meet pollution standards; and (2) insuring continuous ignition and flame stabilization within the boiler.
- Peak-day demand: A customer's highest month's requirement divided by the number of days of operation in that month.
- Residential use: Service to customers which consists of natural gas use in serving a residential dwelling or multi-unit dwelling for space heating, air conditioning, cooking, water heating, and other residential uses, except for central heating plants serving a combination of residential and commercial uses where the commercial portion of the use is in excess of 100 Mcf per day or is more than 15% of the total natural gas requirements.
- Seasonal use: Service to customers with 20% or less of their annual requirement occurring in the months November through March.