

Decision 97-12-101 December 16, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to change the structure of gas utilities' procurement practices and to propose refinements to the regulatory framework for gas utilities.

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

ORIGINAL

O P I N I O N

Summary

This decision denies the petition to modify Decision (D.) 95-07-048 filed by Southern California Gas Company (SoCalGas) on September 30, 1997, seeking relief from the requirement that it present a proposal to the Commission by January 1, 1998, for the unbundling of its interstate gas transportation system for core aggregation customers.

Background

D.95-07-048 refined and modified various policies with regard to the Commission's core aggregation program under which small gas customers may purchase gas supplies from sellers other than the incumbent utilities by aggregating their loads. That order directed SoCalGas to submit no later than January 1, 1998, proposed tariffs which would unbundle interstate pipeline capacity for core aggregation customers. In this context, "unbundling" means core aggregation customers would be able to choose their interstate pipeline transportation seller and would not have to pay the cost of the utility's transportation unless they subscribed to it.

In its petition to modify D.95-07-048, SoCalGas asks that the requirement for it to submit such proposed tariffs be deferred "until further order of the Commission." SoCalGas refers to the Commission's broader review of gas industry restructuring and asserts that unbundling core interstate pipeline capacity is "inextricably linked to the broad issues that the Commission intends to consider." It also argues that "it makes no sense to require SoCalGas to file a proposal for core interstate pipeline capacity

unbundling in isolation from and in advance of this broader review." Southern California Edison Company (Edison) filed a response stating that it does not oppose SoCalGas' petition.

Office of Ratepayer Advocates filed in opposition to SoCalGas' petition to modify. It argues SoCalGas has presented no good reason for the delay it proposes. It observes the Commission has already stated in D.95-07-048 that interstate capacity costs may be unbundled independently of resolving other issues and, in D.95-05-093 has already unbundled Pacific Gas and Electric Company's core interstate capacity costs. The Utility Reform Network (TURN) also objects to the delay, arguing the underlying facts and reasoning for the policy adopted in D.95-07-048 have not changed. Enron Capital and Trade Resources, Inc., UtiliCorp Energy Solutions, Inc. and the School Project for Utility Rate Reduction/Regional Energy Management Coalition (joint respondents) filed in opposition to SoCalGas' petition, making similar arguments to those presented by ORA.

Discussion

We find nothing in SoCalGas' petition to modify that convinces us to defer implementation of a policy which was thoroughly litigated and considered in the broader context of our policy objectives. Specifically, we have committed to providing the benefits of competitive markets to all customers, including core customers, as quickly as possible, and we have acted on this commitment as recently as May of this year. We have delayed this process already for SoCalGas to recognize the commitments it has made on the interstate pipeline system and with its own affiliates, PITCO and POPCO.

The only intervening event which SoCalGas cites in support of its proposal is our stated intent to propose a Natural Gas Strategic Plan. This is not the first time a party has referred to this review of the natural gas industry to justify delaying implementation of policy which it opposed. Recently, we addressed a petition to modify D.90-09-089 filed by SoCalGas in which it proposed tariff changes to reflect

changes in the evolution of the gas industry structure. We granted the petition to modify in D.97-11-070 and in so doing rejected the claims of some who proposed deferring the issue to the Commission's Natural Gas Strategic Plan. In that order, we stated, "In some cases, proposals for change are best considered in the context of broader policy issues, rather than as individual proposals...[s]trategic planning is not an isolated exercise that occurs in a single proceeding over a discrete period. Strategic planning is implied or expressed directly in all of our orders and is an integral and ongoing part of Commission regulation." These principles apply equally here. The Commission's Natural Gas Strategic Plan is part of an effort which is yet undefined and which may be years in the making. We will not suspend our efforts to restructure the gas industry with programs that recognize the industry's evolution and our broader policy goals.

We deny SoCalGas' petition to modify D.95-07-048 and direct it to submit the proposed tariff changes consistent with the letter and spirit of D.95-07-048 no later than January 1, 1998.

Findings of Fact

1. The Commission has thoroughly reviewed the issue of whether and when to unbundle SoCalGas' interstate pipeline capacity, a policy which SoCalGas has consistently opposed.
2. No intervening event has occurred which would justify modifying D.95-07-048 as SoCalGas' petition to modify proposes. The policies adopted in D.95-07-048 are still consistent with the Commission's policy to bring the benefits of competition to core gas customers.
3. The Commission's decision to develop a Natural Gas Strategic Plan is not an adequate justification for suspending implementation of natural gas policies and programs which have been the subject of litigation and thorough Commission review.

Conclusions of Law

1. The Commission should deny SoCalGas' petition to modify D.95-07-048.

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2. Because resolution of this matter will resolve all pending matters in this proceeding, the Commission should close this proceeding.

O R D E R

IT IS ORDERED that:

1. The petition to modify Decision 95-07-048 filed on September 30, 1997 by Southern California Gas Company is denied.
2. Rulemaking 90-02-008 is closed.

This order is effective today.

Dated December 16, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners