

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION  
Energy BranchRESOLUTION G-2686  
July 2, 1986

## RESOLUTION

SOUTHERN CALIFORNIA GAS COMPANY (SoCal Gas) REQUEST FOR  
AUTHORITY TO WITHDRAW FROM SERVICE RATE SCHEDULE NO. GN-5A,  
OPTIONAL NATURAL GAS SERVICE FOR UTILITY ELECTRIC GENERATION  
(UEG).

By Advice Letter 1640-G, filed June 2, 1986, SoCal Gas is requesting authority to withdraw Rate Schedule No. GN-5A.

BACKGROUND

By Decision No. 85-06-030, dated June 5, 1985, the Commission approved a new rate Schedule GN-5A on an experimental basis. The purpose of GN-5A was to allow UEG customers such as Southern California Edison (SCE) to pay for their incremental gas requirements at SoCal Gas' marginal cost. Thus the GN-5A Schedule enabled UEG customers to lower their energy costs and at the same time give SoCal Gas some contribution to margin.

The GN-5A was approved for an interim period and has always been examined concurrently in I 84-04-079. The unique circumstances of the UEG customers will continue to be examined in OII 84-04-079.

On May 7, 1986, the Commission approved Resolution G-2674 which authorized SoCal Gas to enter into a one year contract with UEG customers. This Resolution recognized that its approval would supersede an existing sales agreement with SCE and that other retail UEG customers may wish to enter into similar contracts. The UEG contracts have substantial monthly demand charges with a three-tier commodity rate. The new contracts authorized under G-2674 appear to have superseded the GN-5A Rate Schedule.

DISCUSSION

Rate Schedule GN-5A was inaugurated to retain UEG customers on SoCal Gas' system while providing certain benefits to each UEG customer. Schedule GN-5A was designed to insure that contribution to SoCal Gas' margin would be accomplished through the initial tier of GN-5A gas sales.

The lower second tier of GN-5A then would allow UEG customers to realize a benefit through a reduction of purchased power costs. While the optional rate was successful for a period of time, the continued decline in the price of alternate fuel available to UEG customers necessitated negotiated one-year contracts between SoCal Gas and its UEG customers. Contracts have been signed with all UEG customers including the Los Angeles Department of Water and Power (LADWP). SoCal Gas began service under its new one-year contract to LADWP on July 1, 1986.

SoCal Gas believes that Schedule GN-5A is no longer a viable option for UEG customers. In view of the new one-year contracts authorized by Resolution G-2674, SoCal Gas believes Schedule GN-5A should be withdrawn. Further SoCal Gas believes that resolution of this issue is expected in OII 84-04-079. SoCal Gas, therefore, requests that Rate Schedule GN-5A be withdrawn from service, effective on July 2, 1986.

This Resolution is responsive to the new regulatory strategy outlined in D. 86-03-057.

Public notification of this filing has been made by supplying copies of the filing to other utilities, governmental agencies, and to all interested parties who requested such notification. The Commission staff has received no protests in this matter.

#### FINDINGS

1. Advice Letter 1619-G and Resolution G-2674 are approved and provide for one year contracts with UEG customers.
2. The UEG customers are identifiable and have all signed contracts outside of Schedule GN-5A.
3. Resolution G-2674 has provided for gas contracts that supersede Rate Schedule No. GN-5A.

#### THEREFORE

1. Southern California Gas Company is authorized to withdraw Rate Schedule No. GN-5A from service as outlined in Advice Letter No. 1640-G.
2. This advice letter and tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution G-2686. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on July 2, 1986. The following Commissioners approved it:



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Executive Director

DONALD VIAL  
President  
VICTOR CALVO  
PRISCILLA C. GREW  
FREDERICK R. DUDA  
STANLEY W. HULETT  
Commissioners