

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION  
Energy BranchRESOLUTION G-2709  
December 17, 1986

## RESOLUTION

SOUTHERN CALIFORNIA GAS COMPANY (SOCAL GAS). ORDER  
AUTHORIZING EXTENSION OF THE EFFECTIVENESS OF RATE SCHEDULE  
GN-8B, A BID RATE SCHEDULE FOR NON RESIDENTIAL NATURAL GAS  
SERVICE.

By Advice Letter No. 1666, Filed November 18, 1986 SoCal Gas requests Commission authorization to renew the effectiveness of Schedule No. GN-8B with certain revisions to the schedule. The facts are as follows:

BACKGROUND

1. By Resolution No. G-2649, on July 24, 1985, the Commission authorized SoCal Gas to place in effect three new rate schedules, GN-8A, GN-8B and GN-8C. The schedules were filed by Advice Letter 1530, on June 21, 1985 with an expiration date of December 31, 1986.
2. Schedule No. GN-8A, Special Incremental Rate, is a special rate available to customers whose total use exceeds 100,000 therms per month. The commodity charge directly tracks rate adjustments when made to Schedules GN-3 and GN-4. The rate is not to be less than SoCal Gas' commodity cost of gas (price of swing source) plus 5 cents per therm.
3. Schedule GN-8B, Auction Rate, is restricted to customers whose incremental gas use is 50,000 therms or more per month. Under this schedule SoCal Gas proposes a monthly minimum acceptable bid by the 15th of each month with the customers submitting bids by the 20th of each month for the volumes available.
4. The GN-8B rate submitted by the customer and accepted by SoCal becomes the commodity rate for that customer during the next month. The minimum acceptable bid amount as determined from time to time will not be posted nor will it be shared with potential or actual GN-8B customers, but will be available to the Commission on a confidential basis.
5. Schedule GN-8C, Contract Rate, is applicable to incremental usage of an average of 50,000 therms or more per month at a commodity charge and volume negotiated between SoCal and the customer for a period of one year.

6. The negotiated commodity cost is not to be less than 12% above the SoCal Commodity cost (price per swing source) of gas. The commodity charge as negotiated between SoCal and each customer shall be held in confidence, but will be made available to the Commission on a confidential basis. A monthly minimum charge for Schedule GN-8C is established as well as provisions for proration of that charge in the event of curtailment.

#### DISCUSSION

1. SoCal Gas states that there has been little use by customers of Schedule GN-8A and no use of Schedule GN-8C and therefore proposes to let these schedules expire on December 31, 1986 as originally requested and approved by the Commission.

2. SoCal Gas' request for continuation of Schedule GN-8B (revised to be titled Schedule GN-8) is based on the success experienced with this schedule in attracting customers back from alternate fuels while providing a positive contribution to margin. During the period September 1985 to August 1986, 182 bids were submitted by customers. Of the 182 submitted bids, 111 bids were accepted by SoCal Gas resulting in 48.6 million therms in incremental gas sales.

3. SoCal Gas has added the following sentence under Customer Charge, "When the customer charge is collected under the regular sales rate schedule, no customer charge is collected hereunder." This was added to prevent double collection of the increased customer charges authorized by Decision No. 86-08-082.

4. The minimum monthly charge was changed from "the negotiated commodity charge multiplied by the negotiated quantity of gas" to "the negotiated commodity charge multiplied by 80 percent of the contract quantity." This revision was made to give customers greater operating flexibility.

5. Special Condition 1, which defines "base use" has also been revised. The base use is now defined as the average of the three lowest monthly usages during the preceding twelve month period. This method of calculating the base use provides a more current and accurate base use quantity. The base use, however, cannot be less than the average of the customer's three lowest monthly usages during 1986. The average of the three lowest monthly usages in 1986 is used as a minimum to insure that customers do not temporarily fuel switch simply in order to achieve lower base use quantities. 1986 is used in this minimum because a peak in fuel switching occurred during this year.

6. Special Condition 2, regarding the auction procedure, has also been revised. Previously, SoCal Gas determined the minimum acceptable commodity charge on or before the 15th day of each month.

SoCal Gas will now determine acceptance or denial of bids on the fifth business day following closure of the auction procedure and will notify customers of acceptance or denial on or before the sixth business day following closure of the auction procedure. This change will allow SoCal Gas greater flexibility in analyzing and accepting commodity charge bids. A fourth basis was added for determining acceptance or denial of bids, "(4) the economic impact on the Utility (of accepting the bid.)" This was added to better describe the determination of acceptance of bids by SoCal Gas.

7. SoCal Gas has also revised the Service Agreement (Form No. 6266) to reflect corresponding changes in Schedule GN-8.

#### COMMENTS & RECOMMENDATIONS

1. The staff of the Evaluation & Compliance Division of the discussions with representatives of the utility and and Public Staff Division have reviewed this filing and found SoCal Gas' request to allow Schedules GN-8A & GN-8C to expire December 31, 1986 to be reasonable.
2. There has been shown to be little interest by additional customers in the Schedule GN-8A since the initial offering. The number of customers on the schedule has gradually dropped to where there are now approximately 24, and they are currently taking only minimal amounts of incremental gas.
3. The current customers are fully aware that Schedule GN-8A is due to expire December 31, 1986, and none of them have indicated to the Commission any disagreement. For these customers, the incremental amounts now sold under Schedule GN-8A would revert to their regular rate schedules. There is expected to be a very minor rate increase, if any, for these incremental purchases.
4. Schedule GN-8C has no customers at present, and never did, and therefore, it appears to be reasonable to allow it to expire on December 31, 1986 as previously ordered by this Commission.
5. The modifications to Schedule GN-8B which will be called GN-8 have been reviewed by the staff and found to be reasonable. The revisions should provide more flexibility and fairness to customers who elect this schedule for incremental usage until final tariff schedules are available to Non-Core gas customers.
6. This filing will not increase any rate or charge, cause the withdrawal of service except as noted above, and will not conflict with any rule or schedule. SoCal Gas requests that this filing become effective for service on January 1, 1987, which is on more than the required 40-day notice.
7. 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.

PROTEST

1. A protest was received from Toward Utility Rate Normalization (TURN). Turn has no objection to extending the Schedule GN-8B as proposed, but objected to SoCal Gas' proposed modification of the definition of incremental gas use. TURN is concerned that under the new definition, a customer could conceivably claim all of its gas usage as incremental and thus obtain a windfall in lower rates.
2. SoCal Gas responded to the protest, pointing out that a customer cannot claim zero usage for any month in the calculation of its incremental usage.
3. The staff has considered TURN's protest and SoCal Gas' response and has determined that SoCal Gas' reply is correct, and recommends that the modifications to Schedule GN-8B be approved as filed.

FINDINGS

1. SoCal Gas' request to allow Rate Schedules GN-8A and GN-8C to expire on December 31, 1986, as previously ordered by this Commission is reasonable, and should be allowed.
2. The possible slight revenue increase necessitated by the discontinuance of Schedule GN-8A is anticipated by the current customers.
3. The current GN-8A customers have indicated no problems or dis-satisfaction with discontinuance of this Schedule on December 31, 1986.
4. The modifications to Schedule GN-8B and its re-titling to Schedule GN-8 are reasonable and should be allowed to continue in effect until May 31, 1987, unless earlier cancelled or otherwise modified by further order of this Commission.

THEREFORE:

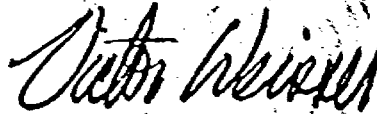
1. Southern California Gas Company is hereby authorized to allow Rate Schedules GN-8A and GN-8C to expire on December 31, 1986.
2. Southern California Gas Company is hereby authorized to revise and modify Rate Schedule GN-8B as requested in Advice Letter No. 1666.
3. Rate Schedule GN-8B, as revised, is hereby authorized to remain in effect until May 31, 1987, unless earlier cancelled or otherwise modified by order of this Commission.

4. Rate Schedule GN-8B, as revised, is further made subject to any alteration or cancellation as may be ordered by the Commission in OII 86-06-005 or R.86-06-006.

5. This Advice Letter shall be marked to show that it was approved and accepted for filing by Commission Resolution G-2709.

6. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on December 17, 1986. The following Commissioners approved it:



Executive Director

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