

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2724
April 22, 1987.

R E S O L U T I O N

SOUTHERN CALIFORNIA GAS COMPANY (SOCAL GAS),
ORDER AUTHORIZING EXTENSION OF THE EFFECTIVENESS
OF RATE SCHEDULES GST-1 AND GST-2 (ENHANCED
OIL RECOVERY) FOR TRANSPORTATION OF CUSTOMER
OWNED NATURAL GAS.

By Advice Letter No. 1692, filed March 18, 1987, Southern California Gas Company (SoCal Gas) requests Commission authorization to extend the effectiveness of Rate Schedules GST-1 and GST-2 (Enhanced Oil Recovery) Transportation of Customer Owned Natural Gas. The facts are as follows:

BACKGROUND

1. Resolution G-2708 extended the effectiveness of Rate Schedule No. GST-2 to May 31, 1987, in response to SoCal Gas' Advice Letter No. 1665, dated November 7, 1986. However, Ordering Paragraph 4 of Resolution G-2708 also provided that "All contracts under Schedule No. GST-2 shall expire no later than May 31, 1987."
2. By this filing, SoCal Gas requests modification of short-term transportation Schedules GST-1 and GST-2. SoCal Gas believes Commission authorization of the requested changes will provide for an orderly transition following a final implementation decision in the combined proceedings OII 86-06-005, OIR 86-06-006, and SoCal Gas Application 87-01-033 (herein after referred to as the "implementation decision").
3. SoCal Gas has two major concerns with the above restrictions on tariff Schedule No. GST-2 and GST-2 contracts. When Advice Letter No. 1665 was submitted on November 7, 1986, it appeared that the implementation decision would be issued by May 31, 1987. However, given the current hearing schedule in these proceedings, the date of the implementation decision is not certain at this time. SoCal Gas believes that short-term Enhanced Oil Recovery (EOR) transportation under Schedule No. GST-2 should be available to customers until the date of the implementation decision to ensure orderly transition.

4. Further, should the short-term EOR transportation tariff expire before the implementation decision, all requests for short-term EOR transportation service will need to be submitted by individual advice letter for approval. This action could unnecessarily burden the Commission, delay service to customers and prevent revenues from flowing through to the benefit of SoCal Gas' ratepayers. For the above reasons, SoCal Gas seeks extension of Schedule GST-2 pending a final implementation decision.

5. SoCal Gas' second concern about Schedule No. GST-2 is regarding the expiration of contracts before their normal termination dates. SoCal Gas believes any contract signed prior to the expiration date of Rate Schedule GST-2 should be honored if it complies with the terms and special conditions of the filed tariff. SoCal Gas further believes that allowing short-term EOR transportation contracts to continue past the expiration date of the tariff will not adversely affect the implementation decision.

6. Schedule No. GST-1 has no specified tariff or contract termination date, and termination of this schedule was not addressed in Resolution G-2708. However, SoCal Gas seeks similar treatment for Schedule No. GST-1 in order to achieve consistent treatment for all short-term transportation contracts. This will contribute to an orderly transition in the implementation of OII 86-06-005 and OIR 86-06-006, since the Commission has suspended long-term transportation for non-EOR customers and has indicated that customers should engage in short-term transportation pending the implementation decisions.

7. SoCal Gas, therefore, requests Commission authorization to extend short-term transportation service under tariff Schedule Nos. GST-1 and GST-2 to expire at 11:59 p.m. the day before the effective date of the implementation decision in the OII 86-06-005 proceeding.

8. SoCal Gas also requests that contracts in effect under the short-term tariff provisions should expire either upon their normal expiration dates or the effective dates of customers' new service agreements implementing the OII decision, but not later than 180 days after the effective date of the implementation decision. This will permit an orderly transition for customers taking service under these schedules.

DISCUSSION

1. The GST-1 and GST-2 schedules were found previously to be consistent with the Commission's intent to provide natural gas transportation to the EOR market. The schedules, as authorized on an interim basis, have proven to be workable and beneficial to SoCal Gas and its customers.

2. The Public Staff Division (PSD) has reviewed this Advice Letter filing. PSD agrees with SoCal that the May 31, 1987 date could cause disruption during the transition and believes the SoCal proposal will prevent these disruptions. Also, with respect to SoCal's concerns with contract termination dates, their solution, in PSD's opinion, addresses these concerns fairly and gives SoCal and their customers fair warning and advanced notice for future negotiations.

3. With respect to the GST-1 tariff, SoCal states that this rate schedule has no service termination date and to treat it in the same manner as short-term EOR transportation is only equitable and will contribute to an orderly transition. PSD agrees with SoCal and finds the proposed solution fair and equitable.

4. The Evaluation and Compliance Division has reviewed this Advice Letter filing and finds no objection to granting a limited time extension through December 31, 1987, subject to any possible modifications of the rate schedule due to future decisions in the Commission's Decision in OII 86-06-005 and/or OIR 86-06-006.

5. This filing will not increase any rate or charge, cause the withdrawal of service nor conflict with any rule or schedule. SoCal Gas requests that this filing become effective for service on or after May 1, 1987, which is on more than statutory notice.

6. The Commission staff has received no protests to this Advice Letter.

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.

FINDINGS

1. SoCal Gas has been successful in providing natural gas transportation services to the EOR market through the use of Schedule GST-2.

2. It is reasonable to grant an extension of time to allow Schedules GST-1 and GST-2 to remain in effect until rescinded or modified by Commission Decision in OII 86-06-005 or in OIR 86-06-006.

3. Commission authorization of the requested changes will provide for an orderly transition following a final implementation decision in the combined proceedings OII 86-06-005 and OIR 86-06-006.

THEREFORE:

1. Southern California Gas Company is authorized to extend short-term transportation service under tariff Schedule Nos. GST-1 and GST-2 to expire at 11:59 p.m. the day before the effective date of the implementation decision in OII 86-06-005 and/or OIR 86-06-006 or December 31, 1987, whichever occurs earlier.
2. Southern California Gas Company is hereby ordered that the existing contracts in effect under the short-term tariff provisions are to expire either upon their normal expiration dates or the effective dates of customers' new service agreements implementing the OII or OIR decision, but not later than 180 days after the effective date of the implementation decision.
3. The Commission shall be kept informed of all contracts entered into with EOR customers and notified of the margin contribution secured from each contract. This information shall be sent to the Chief of the Fuels Branch of the Public Staff Division.
4. This advice letter and accompanying tariff sheets shall be marked to show that it was accepted for filing by Commission Resolution G-2724. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on April 22, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
JOHN B. OHANIAN
Commissioners



Executive Director

I abstain.

G. Mitchell Wilk, Commissioner