

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2727
June 15, 1987.

R E S O L U T I O N

ORDER AUTHORIZING SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) TO PASS THROUGH A STANDBY SURCHARGE APPLICABLE TO ALL FIRM GAS TRANSPORTED UNDER LONG- AND SHORT-TERM SCHEDULES GLT, GST-1 AND GST-2 VIA THE EL PASO NATURAL GAS COMPANY SYSTEM (EL PASO), BY ADVICE LETTER NO. 1703 FILED APRIL 23, 1987.

SUMMARY

Southern California Gas Company (SoCal) requests authorization to pass through a standby surcharge (surcharge) of 0.297¢ per therm. This surcharge applies to all firm gas transported to long- and short-term customers under Schedules GLT, GST-1 and GST-2 via the El Paso Natural Gas Company (El Paso) system, except as otherwise provided in the revised tariffs.

SoCal has been billing its customers this FERC authorized surcharge on a current basis since March 1, 1987 and customers have been paying these bills since then. No increases or decreases in the total rate paid by the customer have occurred; the only change has been the rate itemization.

BACKGROUND

1. On February 10, 1987, El Paso filed revised tariffs requiring a Standby Charge-Interruptible Service of 0.297¢ per therm, applicable to firm gas transportation. The revised tariff became effective March 1, 1987 in compliance with Federal Energy Regulatory Commission (FERC) Order No. 436 and the FERC's order approving the offer of settlement in FERC Docket No. RP 86-45-000.

2. FERC Order 436 ruled that a pipeline could charge no more than its fully allocated transmission rate for the

transportation of gas to customers. Before this ruling, El Paso charged all firm, non-incremental customers a transportation "displacement" rate of 1.954¢ per therm to move gas to the California border. El Paso charged its incremental customers 1.657¢ per therm, which was otherwise termed the fully allocated transmission rate.

3. To reconcile the fully allocated transmission rate ruling with the additional costs of firm demand placed on El Paso by non-incremental gas customers, FERC unbundled the transportation "displacement" rate of 1.954¢ per therm into two, new components: a transportation charge of 1.657¢ per therm and a Standby Charge-Interruptible Service of 0.297¢ per therm. The total transportation rate for gas delivered to the California border is still 1.954¢ per therm for firm, non-incremental gas customers.

4. Southern California Gas Company Schedules GLT, GST-1, and GST-2 serve firm, non-incremental gas customers within SoCal's service territory. These schedules contain the following provisions: "add any applicable taxes, fees, regulatory surcharges, intra-or-interstate pipeline charges imposed as a result of transportation of gas under [these] schedule[s], pursuant to the Service Contract General Terms and Conditions."

5. Under the new FERC ruling, the 1.657¢ per therm transportation charge is paid by all gas transport customers within SoCal service territory. El Paso bills SoCal the 0.297¢ per therm Standby Charge for all transportation volumes displacing El Paso sales gas, whether it is SoCal's or another California customer's gas. The firm, non-incremental customer is not billed this charge. The direct El Paso-to-SoCal billing will continue until this Commission addresses the issue of firm interstate pipeline capacity in OII 87-03-036 (page 5).

DISCUSSION

1. The purpose of SoCal's advice letter filing is to clearly identify the unbundled rate in the body of the tariff sheets for its customers.

2. The firm, non-incremental customer transporting gas through El Paso into SoCal's pipeline system is no longer directly billed for the surcharge imposed by El Paso for delivery. SoCal is billed the surcharge. If SoCal does not pass through the surcharge to its firm, non-incremental customers who incur the costs, these costs will be borne by SoCal's other incremental customers.

3. SoCal's long and short term transportation tariff schedules GLT, GST-1 and GST-2 currently provide for such a surcharge. Customers under these schedules know that they need to add any additional pipeline charges imposed as a result of transportation of gas pursuant to the Service Contract General Terms and Conditions.

4. Beyond the transportation rate unbundling, SoCal proposes to include El Paso's Rate Schedule G rules for exemption from the surcharge: "(a) any new service, whether served directly or indirectly by the Utility on or after July 1, 1985; or (b) any customer who has been utilizing alternate fuel for the last twelve (12) months and would remain on alternate fuel absent the availability of transportation service; or (c) any customer that is equipped to burn natural gas but has not burned gas, or any other fuel during the last twelve (12) months and would not burn gas absent the availability of transportation service; or (d) any customer who is or would be served by another supplier."

5. SoCal adds El Paso's Rate Schedule G language requiring "any customers qualifying for an exemption [from this surcharge] to file an affidavit with both El Paso Natural Gas Company and Southern California Gas Company demonstrating to their satisfaction that the transportation is to be utilized for one or more of the services identified under the special conditions."

6. The Evaluation and Compliance Division (E&C) has reviewed this advice letter filing and has no objection to SoCal's proposal. We were concerned with the fact that SoCal was not timely in its filing, but subsequently learned that SoCal only received notice of the El Paso tariff in mid-April.

7. The Public Staff Division (PSD) has no objections to this surcharge. ~~recommends that the revised tariff sheets proposed be approved. In a memorandum addressed to the Energy Branch, the Fuels Branch states: "[to] the extent that transportation customers are buying gas to replace SoCal sales gas, the transportation customer should, in PSD's opinion, bear all the costs associated with obtaining that non-SoCal supply, including the Standby Charge.~~

8. No timely protests were received regarding this advice letter.

FINDINGS

1. The Standby Surcharge of 0.297¢ per therm is a cost component previously billed and paid by non-incremental gas transportation customers of Southern California Gas Company. Its itemization within the body of tariff Schedules GLT, GST-1 and GST-2 will identify the costs paid by the customer.
2. The conditions for exemption as provided on the tariff sheets replicate those published under El Paso's Rate Schedule G for California Service.
3. Language in the body of the current tariff sheets serves to inform customers to "add any applicable taxes, fees, regulatory surcharges, intra-or-interstate pipeline charges imposed as a result of transportation of gas under [these] schedule[s], pursuant to the Service Contract General Terms and Conditions." However no specific rate is stated such as the 0.297¢ per therm set forth herein.
4. We will permit the standby surcharge of 0.297¢ per therm to be effective March 1, 1987 to prevent unfair allocation of the charges from El Paso to other customers of SoCal.

THEREFORE:

1. Southern California Gas Company is authorized to require a standby surcharge of 0.297¢ per therm from all gas customers receiving gas transported under Schedules GLT, GST-1 and GST-2 via the El Paso Natural Gas Company system, except as otherwise exempted in the revised tariffs.
2. This advice letter and tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution G-2727.
3. The effective date of this clarified surcharge and the applicable tariff sheets will be March 1, 1987 to be consistent with the FERC authorized tariff revision.

I certify that this Resolution was adopted by the Public Utilities Commission at its regularly scheduled meeting May 15, 1987. The following Commissioners approved it:

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



Executive Director

I abstain.

Commissioner Donald Vial, being necessarily absent, did not participate.

G. Mitchell Wilk, Commissioner