

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy BranchRESOLUTION G-2732
May 29, 1987.R E S O L U T I O N

SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) REQUEST FOR AUTHORIZATION TO SUBMIT REVISED RATES FOR SCHEDULE GLT-1 APPLICABLE ONLY TO EXISTING CUSTOMERS AS OF DECEMBER 3, 1986 BY ADVICE LETTER 1694 FILED MARCH 26, 1987.

SUMMARY

Southern California Gas Company (SoCal) requests authority to revise rates under Schedule GLT-1 to conform to adopted rates under D. 87-01-046. These revisions will, when made effective, regularize the rates and charges to all existing GLT-1 customers previously served by separate rates and charges under contracts executed on or before January 14, 1987 in compliance with Decision 87-01-046. Any reduction in rates or charges are made effective as of January 21, 1987, consistent with that order; any increases will become effective today, May 29, 1987, upon adoption of this Resolution.

BACKGROUND

1. This filing is in compliance with Decision No. 85-12-102, dated December 20, 1985, which established the Actual Margin Recovery rate mechanism for Schedule GLT-1. Rate Schedule No. GLT-1 was suspended for new customers on December 3, 1986 by Decision No. 86-12-009.
2. SoCal has three customers receiving long-term transportation service under this schedule prior to December 3, 1986. SoCal originally elected not to file a separate schedule of rates, since the schedule was closed to new

customers. However, SoCal states that "substituting the new, updated transportation rates will maintain a current tariff on file with the Commission. The customers affected have previously been notified of their change in rates."

3. In compliance with Decision No. 86-08-082, dated August 20, 1986, Decision No. 86-10-032, dated October 1, 1986, and Decision No. 87-01-046, dated January 14, 1987, this filing revises the transportation rates in Schedule No. GLT-1 based on the difference between the sales rates shown in Table IV-2 of Decision No. 87-01-046 and the avoidable cost of gas.

4. The avoidable cost of gas, as set forth in Decision No. 86-10-032, is calculated to be 21.862¢ per therm. Supporting data and workpapers have been transmitted to the Commission at staff's request.

5. In accordance with Decision No. 87-01-046 (A. 86-09-030) of the Public Utilities Commission, SoCal Gas requests that this filing be made effective for service on and after January 21, 1987.

6. In accordance with Section III.G. of General Order No. 96-A, a copy of this advice letter was sent to parties listed on an attachment, and to those parties receiving copies of SoCal Gas' transportation rates.

DISCUSSION

1. Southern California Gas Company requests that Advice Letter No. 1694's tariff sheets for Schedule GLT-1, be made effective for service on and after January 21, 1987, two months earlier than the filed date of the advice letter.

2. On January 16, 1987 SoCal filed tariffs in accordance with D.87-01-046, reflecting the adopted rates. The Decision 87-01-046, dated January 14, 1987, ordering paragraph No. 4 states "The rates shown in Table IV-2 are adopted. The revised tariffs shall be filed no later than February 4, 1987 and shall be made effective no earlier than 5 days after the date of filing."

3. SoCal states in Advice Letter No. 1694 that the customers under Schedule GLT-1 have been notified of the "new" rates in effect for this schedule. In effect, the three existing customers under this schedule have been paying the revised rates adopted from D. 87-01-046 since

January 21, with no complying tariff sheet on file with the Commission.

4. The customers involved are a large, non-UEG wholesaler, a cogenerator, and an industrial customer, each having a different transportation rate. The rate paid by the wholesaler was reduced by approximately \$80,000 per month under non-UEG Schedule G-60; the cogenerator's rate was increased by approximately \$65 per month under Schedule GN-36; and the industrial customer's rate was increased by approximately \$1370 per month under Schedule GN-32. These payments have occurred since January 21, 1987.

5. Special Condition No. 5 of Schedule GLT-1 states "As a condition precedent to service under this schedule, a Gas Transportation Service Agreement (Form No. 6305, Rev. 10/86) must be executed. The Service Agreement shall specify the terms and conditions applicable to service under this schedule."

6. According to SoCal, the affected customers were notified in March of the rate changes and that the effective date was January 21, 1987. Although the specific transportation rate for these customers was not itemized in the original January 21 filing, it was implied by the stated sales amounts and the adopted avoidable cost of gas, 21.862¢ per therm.

7. Under the Service Agreement for the Transportation Rate, customers know that the charge "shall be revised at the time periods specified in Customer's transportation rate schedule, and according to its terms and conditions." (Article 1.3c) The three GLT-1 customers by contract expect periodic revisions in their transportation rates. However, no formal tariff was filed.

8. The Staff of the Evaluation and Compliance Division has reviewed Advice Letter No. 1694 and recommends that it be approved based on the following remedies:

- a. The tariffs attached to this advice letter should be made effective only on the effective date of this Resolution, May 29, 1987 -- not on January 21, 1987, as requested by SoCal.
- b. Since SoCal voluntarily "elected not to file" the revised GLT tariffs in compliance with D. 87-01-046, the existing filed tariffs are applicable. The unauthorized increases should be refunded and the unauthorized decreases should be borne by Southern California Gas Company.

9. The Public Staff Division has reviewed and verified the revised rate calculations of this advice letter.
8. No protests have been received for this advice letter.

FINDINGS

1. Southern California Gas Company Advice Letter 1694, concerning Schedule GLT-1 was filed two months beyond the date directed by Decision 87-01-046.
2. The affected customers were notified of the rate changes two months beyond the date of Decision 87-01-046, and have paid the "adopted" rate retroactively. All amounts due to be refunded to the customer shall be calculated with interest.
3. The rate impact causes a monthly decrease of \$80,000 for one customer, and monthly increases of \$65 and \$1370 for the other two customers.
4. The customers did not protest the rate changes despite the late notification.

We find that the rates requested in this Advice Letter are just and reasonable on a prospective basis only; therefore,

IT IS ORDERED that:

1. The tariffs attached to this advice letter be made effective as of the date of this Resolution, May 29, 1987.
2. Southern California Gas Company refund the full amount of the revenues resulting from the unauthorized, increased GLT schedule rates charged to the affected customers, with interest computed at the average three month commercial paper rate as published in the Federal Reserve Bulletin.
3. Southern California Gas Company bear the full amount of the revenue loss resulting from the unauthorized, decreased GLT schedule rates for the affected customers.

4. Southern California Gas Company shall notify the Energy Branch of the Evaluation and Compliance Division that they have complied with this Order within 10 days of the date of this Resolution, detailing the amounts refunded.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 29, 1987. The following Commissioners approved it:



Executive Director

I abstain.

G. Mitchell Wilk, Commissioner

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