

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy BranchRESOLUTION G-2744
September 23, 1987.**R E S O L U T I O N**

RESOLUTION G-2744, SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) REQUEST FOR AUTHORIZATION TO REDUCE SCHEDULE GN-SNR, SPECIAL NEGOTIATED RATE, MINIMUM CONTRACT TERM FROM SIX MONTHS TO ONE MONTH FOR ITS SEASONAL AGRICULTURAL CUSTOMERS. BY ADVICE LETTER 1726, FILED AUGUST 25, 1987.

SUMMARY

By Advice Letter 1726, Southern California Gas Company (SoCal) requests authorization to reduce the contract term of its Schedule GN-SNR, Special Negotiated Rate, from six months to one month to add seasonal agricultural customers to this rate schedule.

BACKGROUND

1. Schedule GN-SNR, Special Negotiated Rate Schedule for customers burning 50,000 therms of gas per month or more, was established in April 1986 to meet the market short-term demands of customers capable of switching to alternative fuels. It is not available to residential or Utility Electric Generation (UEG) customers.
2. At the time Schedule GN-SNR was established, oil prices were very low. SoCal proposed this rate schedule to maintain a competitive stance with the oil market and to avert migration of relatively large customers from natural gas to oil.
3. The GN-SNR rate consists of a Customer Charge, a Monthly Demand Charge, per therm and a Commodity Charge, per therm. The demand charge plus the negotiated commodity charge shall provide an equivalent contribution to margin of at least

4.5¢ per therm on all rate schedule sales. The Commodity Charge is negotiated on the basis of:

- (1) the anticipated cost and availability of gas;
- (2) the cost of transporting gas; and
- (3) the prices of alternative fuels.

DISCUSSION

1. This advice letter filing for a one-month contract term was prompted by many requests from SoCal's seasonal agricultural customers, because the minimum six month GN-SNR contract term is much longer than their normal seasonal operations.

2. SoCal states that most of these seasonal agricultural customers operate only two or three months during each season. With the minimum volume of 50,000 therms per month cumulative over the present six-month term of the contract, many seasonal agricultural customers find Schedule GN-SNR uneconomic, even though their usage exceeds 50,000 therms per month during the months they operate.

3. SoCal would like to have greater marketing flexibility with their agricultural customers by reducing the current six month contract limit of Schedule GN-SNR to one month.

4. The staff of the Evaluation and Compliance Division has reviewed this advice letter filing and has no objections to granting the requested reduction of contract term for Schedule GN-SNR from six months to one month, subject to any modifications of the rate schedule due to future decisions in the Commission's proceedings in OII 86-906-005 and/or OIR 86-06-006.

5. No protests have been received for Advice Letter 1726.

FINDINGS

1. We find it reasonable to grant a reduction of contract term for Schedule GN-SNR, Special Negotiated Rate from a six month contract term, unless otherwise rescinded or modified by Commission decision in OII 86-06-005 and/or OIR 86-06-006.


IT IS ORDERED THAT:

1. Southern California Gas Company reduce its Schedule GN-SNR, Special Negotiated Rate Contract term from six months to one month.
2. The Commission reserves the right to examine, modify, or cancel these Schedules at any time and to determine the appropriateness of the contract service rates.
3. Schedule GN-SNR shall be subject to modification or cancellation by further Commission Decision in OII 86-06-005 or OIR 86-06-006.
4. Southern California Gas Company is hereby ordered to allow existing contracts in effect under the contract tariff provisions to expire either upon their normal expiration dates or the effective date of customers' new service agreements implementing the OII or OIR decision, but not later than 60 days beyond the effective date of the implementation decision.
5. The Commission shall be kept informed of all contracts entered into with customers under Schedule GN-SNR, and shall be notified of the margin contribution secured from each contract. This information shall be sent as reports identifying the Customer and his location, Priority, Term, Negotiated Rate and Quantity to the Chief of the Fuels Branch of the Public Staff.
6. Advice Letter No. 1726 and the accompanying tariff sheets shall be marked to show that they were approved by Resolution No. E-4, effective September 23, 1987.

This order is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 23, 1987. The following Commissioners approved it:

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



Executive Director