

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2780  
April 27, 1988

R E S O L U T I O N

SAN DIEGO GAS AND ELECTRIC COMPANY (SDG&E), GAS DEPARTMENT.  
ORDER AUTHORIZING FILING OF NEW AND REVISED TARIFF RATE  
SCHEDULES, REVISED TARIFF RULES AND NEW SAMPLE CONTRACT  
FORMS RESULTING IN AN ANNUAL REVENUE INCREASE OF \$30.7  
MILLION.

SUMMARY

1. By Advice Letter 634-G, filed February 29, 1988, SDG&E requests Commission authorization to file new and revised gas rate schedules, Preliminary Statement, revised gas Rules 1 and 14 and a revised Gas Transmission Service Agreement in compliance with Decision 87-12-039, dated December 9, 1988.
2. This filing, as set forth on Cal. P.U.C. Sheets Nos. 4403-G through 4494-G, inclusive, also requests the withdrawal of some existing gas rate schedules and results in a revenue increase of \$30.7 million. The effect of this revenue change on SDG&E's Revenue Requirement is shown as Attachment A to this resolution.
3. On April 20, 1988, SDG&E filed Advice Letter 634-G-A in compliance with Decisions 87-12-039, 88-03-041, 88-03-085 and Resolution G-2787, dated April 13, 1980 as well as with OII 86-06-005 and OIR 86-06-006. Advice Letter 634-G-A supplements Advice Letter 634, filed February 29, 1988.

BACKGROUND

4. Decision 87-12-039 dated December 9, 1987, results from Order Instituting Investigation (OII) 86-06-005 and Order Instituting Rulemaking (OIR) 86-06-006, the Commission's investigation into restructuring the natural gas industry in California.

5. These filings provide for the expiration of certain gas rate schedules and the introduction of restructured rate schedules consistent with the provisions of the above Commission decisions. Also consistent with this order, SDG&E has revised and restructured the gas rules which are applicable to the rate schedules submitted with this filing.

6. Similar advice letters have been filed separately by Southern California Gas Company (SoCal Gas) and Pacific Gas and Electric Company (PG&E) submitting restructured gas tariff rate schedules and rules in compliance with the provisions of Decision 87-12-039.

7. Two decisions, D.88-03-041 and D.88-03-045 and a Resolution (G-2787), issued subsequent to D.87-12-039 have dealt with most of issues raised by protestants and interested parties to this restructuring of the natural gas industry in California. Specific items relating to SDG&E, not resolved by those actions, are addressed in this resolution.

8. SDG&E has revised its rates in this Supplemental filing to reflect rates filed by Southern California Gas Company (SoCal Gas) in their Supplemental Advice Letter 1767-A (2nd Supplemental) dated April 8, 1988. SDG&E's revised rates reflect the inclusion of certain uncollectibles which Decision 88-03-085 specified should not be allocated to wholesale customers. Since SDG&E is one of SoCal Gas' wholesale customers, SDG&E is working with SoCal Gas to resolve this issue.

9. The tariff sheets have also been revised to reflect SDG&E's allocation of customer-related transmission costs that are consistent with the table contained on page 81 of Decision 87-12-039 and have been calculated in accordance with the manner that the Commission has allocated these costs from SoCal Gas to SDG&E.

10. Due to SDG&E's late filing of its Supplemental Advice Letter, CACD and other parties have not had an adequate opportunity for review. Following this review, this Commission will decide upon the adequacy of SDG&E's Preliminary Statement in the Supplemental Advice Letter. Any disputes involving the accounting or other provisions included in the Preliminary Statement will be resolved in that ultimate approval.

11. Lastly, the revised tariffs reflect several corrections that were made to Advice Letter 634-G as recommended by CACD.

#### DISCUSSION

1. The following gas rate schedules will expire on April 30, 1988 and will be withdrawn: GN-3, GN-4, GN-36, GN-46, GCG, GN-5 and TST. Attachment B to this resolution shows which new gas rate schedules will replace those cancelled schedules.

2. The following newly restructured rate schedules are to become effective for service on May 1, 1988:

1. Schedules GN-1 & GN-2 - Commercial and Industrial Natural Gas Service
2. Schedule GPNC - Natural Gas Procurement Service for Non-core Customers
3. Schedule GPCE - Gas Procurement Service For Core-Elect Customers
4. Schedule GTNC - Natural Gas Transmission Service For Noncore Customers
5. Schedule GTCG - Natural Gas Transmission Service For Cogeneration Customers
6. Schedule GTC - Natural Gas Transportation Service For Core Customers
7. Schedule GTUEG - Natural Gas Transmission Service to Utility Electric Generating Stations.

3. The following rate schedules will remain applicable, as previously filed for service on and after May 1, 1988: Schedules G-90, G-91, GL-1 and G-PUC.

4. The rates reflected in the procurement tariffs (Schedules GPNC and GPCE) are not necessarily reflective of costs and rates that SDG&E expects to be in effect as of the May 1, 1988 implementation date. In particular, the rate reflected in Schedule GPNC is illustrative, since it will be permitted to change up to twice per month. Prior to May 1, 1988, this rate will be revised to reflect SDG&E's anticipated Weighted Average Acquisition Cost of Gas (WACOG) for its noncore portfolio for the month of May, 1988. Schedule GPCE will be similarly revised as costs are available, prior to May 1, 1988.

5. SDG&E has also made several minor changes in the tariffs in addition to those being made pursuant to Decision 87-12-039, as described below.

6. Special Conditions 5, and 6, have been deleted from Schedule GT in compliance with Decision 87-03-011, dated March 6, 1987. This decision deleted the provision that required the utility to notify submetered Mobilehome Parks of the requirement to file an annual Department of Transportation report in order to retain their monthly submetering differential. Similar filings were made by both PG&E and Southern California Gas Company during 1987. The remaining special conditions have been renumbered accordingly.

7. SDG&E has added a new Special Condition 4., Common Use Service, to Schedule GR that is similar to the existing Special Condition 7 of its Electric Schedule DR. This new special condition essentially specifies that service used in common for residential purposes ;in a multi-family dwelling can be billed under this schedule.

8. In addition to the changes originally described in Advice Letter 634-G, SDG&E has also made some minor textual changes to the following tariffs with Advice Letter 634-G-A:

A. Schedule GR - Special Condition 4 was revised.

B. Schedule GN-1 - Special Condition 2 was revised.

C. Schedule GN-2 - Revision of Applicability Section and Special Condition 2. Special Condition 3., regarding "Non-Core Customer Service Option", was added. Special Conditions 3. through 6. were renumbered 4. through 7.

D. Schedule GPNC - Special Condition 2. was revised.

E. Schedule GPCE - Special Condition 4. was revised and Special Conditions 5. and 6., relating to Term of Service and Termination Provisions, respectively, have been added.

F. Schedule GTNC - The Applicability Section has been revised and Special Conditions 3. and 15. were added and Special Conditions 5., 11., 13., 16., 17., and 18. were revised.

G. Schedule GTCG - The Applicability Section has been revised and Special Conditions 6., 8., 14. and 19. were added and Special Conditions 4., 5., 7., 10., 11., 13., 15., 16., and 17. were revised.

H. Schedule GTUEG - Special Conditions 4. and 6. were revised.

I. The Natural Gas Service Agreement, Form 142-159B (4-88), reflects the following changes: The title has been changed, Article 1, Gas Procurement Service, on page 2 has been revised and Exhibit C, Customer Gas Procurement Elections, has been revised. This Agreement will be used in conjunction with the modified rate schedules and rules submitted in this updated filing.

J. A new form has been included in this filing entitled "Cogeneration Standby Equipment Affidavit" Form 143-1659 (4-88). This form is to be used as specified in Special Condition 6. "Standby Boiler Customer Classification" of Schedule GTCG.

9. The following general changes have been made to SDG&E's rules:

A. Rule 1 (definitions) has been expanded to incorporate new terminologies resulting from the Commission's restructuring of the California natural gas industry.

B. Rule 14 (Shortage of Gas Supply, Interruption of Delivery, and Priority of Service) has also been modified to incorporate the new terminologies and curtailment procedures resulting from the restructuring of the natural gas industry.

10. Public Law 100-42, legislation signed by President Reagan on May 21, 1987, repealed several sections of the Powerplant and Industrial Fuel Use Act of 1978 (FUA). Repealed sections included the use of natural gas or oil and all of the FUA's prohibitions on decorative outdoor lighting. Section 402, which prohibited use of natural gas for decorative outdoor lighting and all of the FUA's prohibitions on the use of natural gas or oil. The new law also repealed the incremental pricing program that was originally established by Title II of the Natural Gas Policy Act of 1978. Therefore, Rule 14.1, Conservation, has been deleted, as well as references to the incremental pricing program in Section 9 of the Preliminary Statement, in Schedules GN-1 and GN-2, and in the newly restructured tariffs.

11. SDG&E has revised the Applicability Sections of Schedules GN and GS to indicate the specific date that each schedule was previously closed to new installations. The inclusion of the closing date will be beneficial in the administration of the tariffs.

12. SDG&E is continuing its discussions and negotiations with SoCal Gas regarding a negotiated rate and revised Service Agreement. Because negotiations have not yet been completed, the tariffs filed herein are based on SoCal Gas' filed default rates. When negotiations are complete, SDG&E intends to file substitute sheets to these tariffs, to the extent changes are necessary.

13. In Decision 87-12-039 the Commission adopted an illustrative gas revenue requirement increase for SDG&E of \$28.4 million. The Commission also ordered SDG&E to revise this revenue requirement to account for further Commission action in other pending cases, attrition and additional recorded gas balancing account data.

14. As ordered, the updated gas revenue requirement and rate design results in an increased annual revenue requirement of \$2.3 million for a total of \$30.7 million and includes the following revisions:

- a. Resolution G-2757, 1988 Attrition Rate Adjustment;
- b. December 1987 recorded balancing account date; and
- c. Revenues at January 1, 1988 rates.
- d. Cost of gas pass-through from SoCal Gas as a result of El Paso Gas Pipeline increase in price.

15. In accordance with the provisions of Decision 87-12-039 all non-core rates are unbundled to include applicable Customer Demand and Volumetric charges. Separate rates are established for the transportation of customer-owned gas for both core and noncore customers as well as rates for the procurement of gas for both.

16. On a separate item, the allocation by SDG&E of certain transmission facilities on a customer basis appears to follow the procedure adopted in D.87-12-039. These facilities belong to SoCal Gas and are used solely to deliver gas to SDG&E. CACD recommends that SDG&E be ordered to review this allocation basis in the next available SDG&E rate proceeding (such as A.87-12-003, now in progress) or the next Annual Cost Allocation Proceeding (ACAP) to determine if such costs should be allocated on a customer basis as used here or on some other basis such as cold year throughput.

17. On the subject of Miscellaneous Costs, the long term SoCal Gas Contract Shortfall as filed by SDG&E is \$1,342,000 while later estimates indicate that the amount will be \$1,578,000. SDG&E has indicated that it will resubmit this when new costs are available.

#### ISSUES COMMON TO ALL GAS UTILITIES

1. In Resolution G-2787, the Commission resolved major protest issues stemming from D.87-12-039. Issues resolved included:

- a. Forgiving Demand Charge during curtailments
- b. Force Majeure
- c. 30-day Notice of Schedule Maintenance
- d. Allocation of Attrition Adjustments
- e. Termination Fees for Core-elect Customer
- f. Payment for Diverted Gas
- g. Issues specific to PG&E and SoCal Gas

2. Finding 3 approved the Force Majeure conditions in the utilities existing long term contracts. SDG&E, to maintain consistent tariff language should file amended contract language corresponding to SoCal's Force Majeure contract language. These amendments would add the following sentences or phrases to SDG&E's contract.

"If the event of force majeure affects only a part of either party's ability to perform hereunder, performance will be excused only for the portion affected. No force majeure event will change the term of this Contract.

"events beyond the reasonable control of the party claiming force majeure which could not have been prevented by the exercise of due diligence including..."

#### ISSUES SPECIFIC TO SDG&E

1. Kelco's protest dated March 21, 1988, claimed that SDG&E's proposed tariff language in Special Condition 6 of Schedule GTCG is not consistent with D.87-12-039. Kelco requested clarification on SDG&E's position. Upon review, SDG&E agrees with Kelco and has made minor language corrections to Special Condition 6 to more closely agree with Decision 87-12-039.

2. CMA alleges that there is legal error concerning aspects of SDG&E Advice Letter 634-G as follows:

A. Reconnection Charges

CMA alleges that SDG&E, under Special Condition 14 of Schedule GTNC erroneously allows reconnection charges to be levied against customers. CMA further cites their authority as being shown on Page 45 of D.86-12-009. SDG&E states that Special Condition 16, not 14, is the correct condition for disconnection. Further, it also states that the authority cited by CMA in D.86-12-009 is for disconnection, not reconnection. Lastly, SDG&E feels that reconnection was discussed at length during the proceedings. The fact that reconnection is not mentioned in the decision, therefore strengthens their position to charge reconnection fees. CACD is of the opinion that omission of the discussions of the reconnection charges in D.87-12-039 is not license to levy these fees. If SDG&E feels it needs this authority it should file a Petition to Modify D.87-12-039. Pending that filing the connection charges should not be levied.

B. Schedule GTNC

CMA disagrees with the 30-day notice requirement to terminate service as stated under Special Condition 5. SDG&E cites their authority for this condition as being at D.87-12-010, page 88, among others. CACD concurs with SDG&E.

C. Service Agreements for Default Customers

CMA reserves judgment on these agreements until they have had a chance to review. SDG&E will send them a copy for review.



3. CACD has reviewed Kelco's and CMA's protests as well as SDG&E's responses to protests. CACD has no objections to the revisions stipulated to above with the exception of those as noted.

FINDINGS

1. We recognize the variety and complexity of issues involved in the restructuring of the natural gas rates for the state. However, we find that the proceedings in OII 86-06-005 and OIR 86-06-006, which led to Decisions 87-12-039 et. al., established the new rate structure as presented by SDG&E Advice Letters 634-G and 634-G-A.

2. We further find that Decisions 88-03-041 and 88-03-085, and Resolution G-2787, responded to the protests presented by the utilities and/or the intervenors and have adequately clarified Decision 87-12-039.

3. The issue of distribution of costs for the SoCal facility devoted solely for gas transmission to SDG&E will be addressed at the next available SDG&E rate proceeding, such as A.87-12-003, now in progress, or the next ACAP.

4. We find that reconnection charges are not authorized and should be deleted from the tariff filing.

5. SDG&E's contract language should be amended to conform with So Cal Gas' contract language as regards Force Majeure.

6. SDG&E's late filing of its Supplemental Advice Letter prevents adequate review by CACD and other parties. Following this review, this Commission will decide upon the adequacy of SDG&E's Preliminary Statment in the Supplemental Advice Letter.

7. We finally find that such revised substitute tariff sheets, insofar as they agree with the provisions of Decisions 87-12-039, 88-03-041 and 88-03-085, Resolution G-2787, and this Resolution, are just and reasonable and that any such tariff sheet that disagrees with the provisions of the above are unjust and unreasonable.

THEREFORE: It is ordered that:

1. San Diego Gas and Electric shall file, on or before May 1, 1988, revised substitute tariff sheets for Advice Letter 634-G-A. Such filing shall be in accordance with the provisions of General Order 96-A and shall revise the advice letter in accordance with the provisions of Decisions 88-03-041 and 88-03-085, Resolution G-2787, as well a with the stipulations agreed upon by SDG&E in its response to the various protests filed in this matter and the findings of this Resolution.

2. Any disputes involving the accounting or other provisions included in the Preliminary Statement will be resolved in our ultimate approval of that part of Advice Letter 634-G-A.

3. Such revised substitute tariff sheets shall be accepted for filing, under Sections 454, 490, 491, 532 and 701 of the Public Utilities Code, and shall be effective for service rendered on and after May 1, 1988.

4. Advice Letter 634-G-A and accompanying tariff sheets and/or subsequent substitute tariff sheets shall be marked to show that they were accepted for filing under the provisions of Commission Resolution G-2780. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 27, 1988. The following Commissioners approved it:

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

  
Executive Director

SAN DIEGO GAS AND ELECTRIC COMPANY  
 Revenue Requirement Summary

CATEGORY	TOTAL (000's)
Commodity Cost w/o F&U	\$195,719
*Fixed Demand Cost	\$38,962
*Gas Transition Costs	\$12,427
Subtotal	\$247,108
*Carrying Cost of Storage Inventory	\$1,011
Balancing Accounts**	\$14,349
Subtotal	\$262,468
Authorized Margin (Total)	\$154,914
--SDG&E Margin \$118,448	
*--So. Cal. Gas \$36,466	
Franchise Fees and Uncollectibles (1.96% for Retail Sales)	(F/F&U on Gas \$2,246) (F/F&U on Fixed \$1,025) \$3,271
* (less) Net Exchange Revenues	(\$2,875)
Total Revenue Requirement	\$417,778
Revenue at Present Rates	\$387,030
Revenue Requirement Increase	\$30,748

\* Indicates an expense allocated to SDG&E from the Southern California Gas Company, including their F/F&U

\*\* Includes a PGA Balancing Account undercollection of \$9,406,096 and a SAM Balancing Account undercollection of \$19,292,068 over a two year amortization period.

SAN DIEGO GAS & ELECTRIC COMPANY  
 Summary of Revenue Changes  
 (M\$)

	REVENUE AT PRESENT RATES =====	REVENUE AT ADOPTED DEFAULT RATES =====	INCREASE (DECREASE) =====	PERCENT CHANGE =====
<b>CORE</b>				
Residential	170,297	181,284	10,988	6.5%
Commercial	56,753	57,345	592	1.0%
Sub-Total:	227,050	238,630	11,581	5.1%
<b>NONCORE</b>				
UEG	119,847	135,980	16,133	13.5%
Cogen	23,303	25,374	2,071	8.9%
Other Non-Core	14,838	15,800	962	6.5%
Sub-Total:	157,988	177,155	19,167	12.1%
miscellaneous Revenue	1,993	1,993	0	0.0%
<b>SYSTEM TOTAL</b>	<b>387,031</b>	<b>417,778</b>	<b>30,748</b>	<b>7.9%</b>