

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2810
AUGUST 10, 1988.

R E S O L U T I O N

RESOLUTION G-2810; SOUTHERN CALIFORNIA GAS COMPANY
REQUESTING TO INCORPORATE CHANGES AND TO MODIFY GAS
IMPLEMENTATION TARIFF FILINGS; BY ADVICE LETTER 1767-A
(THIRD SUPPLEMENTAL), FILED APRIL 29, 1988.

SUMMARY

1. Southern California Gas Company (SoCal, SoCal Gas) filed Advice Letter 1767-A (Third Supplemental) on April 29, 1988, to comply with several decisions and resolutions pertaining to the gas industry restructuring from I.86-06-005 and R.86-06-006. The filing contained some modifications which were protested. This resolution addresses those issues.

BACKGROUND

1. On December 9, 1987, the Commission issued D.87-12-039. This decision established rates to implement the policy decisions which the Commission had made in December 1986, in D.86-12-009 and D.86-12-010, concerning the regulation of natural gas in California.

2. SoCal's Advice Letter filings 1767 and 1767-A were submitted to comply with:

Decision	Issue Date
86-12-009	12-03-86
86-12-010	12-03-86
87-02-029	02-11-87
87-03-044	03-17-87
87-05-046	05-29-87
87-07-044	07-08-87
87-12-039	12-09-87

SoCal's Advice Letter 1767-A (Third Supplemental) was submitted to comply with all of the above decisions, and D.88-03-041, D.88-03-085, and Resolutions G-2787 and G-2783.

3. Protests to SoCal Advice Letter 1767-A (Third Supplemental) were received from San Diego Gas and Electric (SDG&E) and California Manufacturers Association (CMA).

PROTESTS, RESPONSES, AND RECOMMENDATIONS[1]

1. Schedule GN-70, Special Condition 4
SDG&E objects to the last sentence of Special Condition 4:

"4. Customers may elect procurement service under either the Core (GN-70C) or Non-Core (GN-70N) gas procurement portfolio. Customers may elect core procurement under GN-70C for all or a portion of the gas requirements. Customers may choose core-elect procurement only when the WACOG (Weighted Average Cost of Gas) of the non-core portfolio is less than the WACOG of the core portfolio. Core-elect procurement customers may enter into a new core-elect contract for only the same or a lesser amount of gas upon expiration of their old core-elect contract except that increases in core-elect quantities may be negotiated between the customer and the Utility in the case of growth in the core loads of wholesale customers."

SDG&E states that wholesale customers may elect core procurement for additional requirements at any time subject only to the portfolio switching ban. (The portfolio switching ban occurs when the non-core portfolio WACOG is higher than the core WACOG.) SDG&E argues that Special Condition 4 incorrectly implies that a customer may only increase its core-elect volumes only upon expiration of its old core-elect contract by negotiation with the Utility.

SoCal cites D. 87-03-044 and Resolution G-2783 which state that "core-elect volumes may not be increased at any time when the ban is in effect" and, that the only exception is that "wholesale customers may negotiate an increase in core-elect volumes at any time to accommodate core customer load growth, even if the portfolio switching ban is in effect." SoCal argues for retention of their current language used in Special Condition 4.

1 While many provisions of the tariffs submitted with the original advice letter have been resolved, five provisions are still in dispute. For continuity, the protest, response, and recommendation for each contested provision are presented together.

The language used by SoCal in Schedule GN-70, Special Condition 4 has been repeated from other schedules, with the addition of the new language concerning the exception to the switching ban rule in the case of core load increases. The argument presented by SDG&E has merit, for the wording implies that any contract changes in core election can only occur upon expiration of the current contract. To clarify, the Commission Advisory and Compliance Division (CACD) recommends that SoCal change the last sentence of the special condition as follows:

This condition is the portfolio switching ban. Core-elect contract renewals may only be made for the same or smaller quantities, except for the case of core load growth. Core-elect customers may increase their core portfolio purchases only by signing new core-elect contracts for additional load. These new contracts are subject to the portfolio switching ban.

2. Proration Limited to P-5

SDG&E protests the addition of language on Sheet 2 of 3 of Schedule GT-70 which restricts the proration of demand charges under conditions of force majeure and scheduled maintenance shutdowns to P-5 (Priority 5) facilities. SDG&E argues that their GT-70 wholesale "demand charges are based on entire throughput, not P-5 throughput as is the case for SoCal Gas' retail UEG (Utility Electric Generation) customers."

SoCal argues that deletion of this language is unacceptable, in the first place, for scheduled maintenance shutdowns do not affect the wholesale customer's high priority core load. In addition, "any decrease in wholesale demand due to scheduled maintenance shutdowns of P-3 or P-4 facilities on the wholesale customers' systems has already been taken into account in the adopted demand forecast used to allocate costs to the wholesale customers. As a result, fewer costs were allocated to wholesale customers than would have been allocated if the forecast had not reflected maintenance downtime, and the lower cost level has already been reflected in the wholesale demand charges." SoCal argues further that it believes the Commission did not intend it to prorate SDG&E's demand charges for the maintenance downtime of SDG&E's own customers.

SoCal has submitted a Petition to Modify Resolution G-2787 to reverse the proration of demand charges during scheduled maintenance.

SoCal has limited the applicability of the proration of customer demand charges occurring in the instances of force majeure and scheduled maintenance with proper 30 day notice to SDG&E's P-5, UEG volumes. This is not what was outlined in Resolution G-2787. SDG&E pays a monthly demand charge to SoCal based on forecast throughput. There is no ratchet for their monthly demand charges. Some opportunity must exist where an adjustment can be made in the event of reduced volume throughput due to force majeure or scheduled maintenance, with proper 30-day notice, for all of the wholesaler's volumes...P-3, P-4, and P-5.

SoCal argues that the wholesale forecast throughput considered scheduled maintenance for P-3 and P-4 customers. No citations of record were given to support this consideration. SoCal states that they have submitted a Petition to Modify Resolution G-2787 on the issue of prorating any demand charges in cases of force majeure or 30-day scheduled maintenance. CACD recommends that the P-5 limitation be removed from Schedule GN-70, until a decision is issued on the petition.

3. Rule 30, Wholesale Customers

SDG&E objects to Paragraph B.1. of Rule 30, requiring the quantities of gas delivered to SoCal by a transportation customer to be in balance with the quantities redelivered to the customer "as nearly as practicable each day." SDG&E requests rewording that is consistent with D. 88-03-085, which authorized core load balancing of up to 12 months for wholesale customers.

SoCal argues that such a change would cause the wholesale special balancing provision to be expanded to apply to all transportation. Instead, SoCal has placed this special provision in Special Condition 12 of Schedule GT-70. SoCal argues that this special provision for wholesalers should not be repeated in the rules. CACD concurs with SoCal on this issue and recommends that Special Condition 12 of Schedule GT-70 not be repeated in Rule 30. SDG&E's request to repeat that "gas core load balancing of up to 12 months is authorized for wholesale customers" in the Rules would be superfluous.

4. Customer Charges, Termination Notice

CMA requests that noncore customers be relieved from payment of customer charges as well as demand charges, upon expiration of the required 12 month notice for terminating service altogether. SoCal argues that this request is unnecessary, for, in fact, it is SoCal's practice to cease billing for customer charges when service is actually terminated, rather than when the 12 month notice expires. SoCal states that the reason for this is that the customer

charge covers the cost of billing, meter reading, and other ongoing customer services. Such costs cease when service ceases.

CMA requests that information be provided in the schedules and contracts explaining that noncore customers will be relieved from payment of customer charges as well as demand charges, upon expiration of the required 12 month notice for terminating service altogether. CMA cites that Resolution G-2787 provided relief from both customer and demand charges in this instance, and recommends that SoCal revise Special Condition 7 of Schedules GN-30 and GT-30 and the Gas Service Contract to state this condition of service.

SoCal responds that it is their practice to cease billing for customer charges when service is terminated, and that the addition of such a statement is unnecessary.

CACD recommends that SoCal provide language in its tariffs to explain to the customer it's practice that customer charges cease when service is terminated.

5. Reassignment, Inability to Curtail

SoCal has added a special condition to the P-3 and P-4 rate schedules stating that "customers unable to curtail on request will be reassigned to the appropriate core rate schedule and [be] subject to rebilling." CMA argues that there is no basis for this provision in any recent decision or resolution, and requests its deletion.

SoCal argues that this provision is based on D. 88-03-085, p. 30, where the Commission adopted a test under which core customers may qualify for noncore status. It argues that "if a core customer being served on a noncore P-3 or P-4 rate schedule is not capable of actually switching to an alternate fuel during a curtailment episode, that fact is prima facie evidence that the customer does not qualify for noncore service under the ... tests, and therefore belongs on a core rate schedule."

This issue stems from problems occurring during the winter curtailments of 1987-1988. CMA argues that SoCal has no decision or other Commission action upon which to base this special condition. SoCal cites that D.88-03-085 (p. 30) supports the inclusion of this special condition. SoCal argues that if the P-3 and P-4 customers fail to meet the qualifications for noncore status, then the only recourse is to reassign such customers to core status. CACD concurs with SoCal on this issue because there is a need for clear action in the event of non-performance. CACD recommends the retention of Special Condition 11 in Schedule GN-30.

FINDINGS

1. SoCal should clarify the language of Schedule GN-70, Special Condition 4 to clearly state the exception to the switching ban rule, as recommended in the discussion on page 4 of this resolution.
2. Proration of customer demand charges and scheduled maintenance with proper 30-day notice should be expanded to include the P-3 and P-4 customers on the San Diego system, as well as the P-5 usage.
3. SoCal should not expand Rule 30 to contain the same language found in Schedule GT-70, Special Condition 12 concerning the authorization for wholesale customers to have gas core load balancing of up to 12 months.
4. SoCal should add a condition explaining that customer charges cease upon notice of termination of service.
5. SoCal should retain Schedule GN-30, Special Condition 11, which requires the reassignment of a noncore customer to the core classification if that customer is unable to curtail gas usage when asked to do so. Therefore,

IT IS ORDERED, that:

1. Southern California Gas Company shall file revised tariff sheets in accord with each of the findings listed above.
2. Advice Letter 1767-A (3rd Supplemental) and the accompanying, revised tariff sheets shall be marked to show that they were adopted by Resolution No. G-2810, effective May 1, 1988.
3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting of August 10, 1988. The following Commissioners approved it:

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



Executive Director