

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
ENERGY BRANCH

RESOLUTION G-2819  
AUGUST 10, 1988

R E S O L U T I O N

EMERGENCY SHORT NOTICE INTERIM ORDER AUTHORIZING  
SOUTHERN CALIFORNIA GAS COMPANY (SOCAL GAS) TO  
ELIMINATE THE SEPARATE DESIGNATION OF AN END USE  
PRIORITY FOR ENHANCED OIL RECOVERY (EOR) CUSTOMERS  
BY ADVICE LETTER NO. 1792 (FILED JUNE 7, 1988)

SUMMARY

SoCal Gas proposes to eliminate a separate priority designation for EOR customers (cogeneration EOR will remain Priority 3A). This would have the effect of moving EOR loads ahead of Priority 5 (Utility Electric Generation, or UEG loads) in priority of service. SoCal makes this request to match PG&E's change in EOR priority to Priority 4 classification as recently approved by Commission Resolution G-2779. SoCal's request has been protested by several parties. While raising a number of interesting points, the protests do not provide sufficient grounds to deny SoCal's request, at this time. Due to a number of factors, curtailments by SoCal Gas may prove necessary in the near future.

BACKGROUND

1. By Advice Letter 1792 originally filed on June 7, 1988 and resubmitted for further comments on July 30, 1988, SoCal seeks to eliminate the separate designation of an end-use priority for EOR customers as a class and instead allow EOR customers to be placed individually in appropriate end-use priority classification based on their respective equipment sizes, and end-uses.

2. Should SoCal's request be granted EOR loads would be served ahead of UEG loads, as is presently the case for the PG&E system.

3. SoCal argues that its method for assigning EOR customers results in a priority system consistent with the one approved in Resolution G-2779, dated April 27, 1988. The aforementioned re-assigned EOR customers on the Pacific Gas and Electric Company's (PG&E) system from Priority 5 to Priority 4. SoCal believes the Commission's intentions in establishing an end-use priority system is to implement the same general class designations for all utilities in California; otherwise there would be a disparity of service for equivalent customers served by different utilities.

4. Several parties have filed protests of Advice Letter 1792,: Southern California Edison Company (SCE) on June 27 and July 20; Southern California Power Pool and Imperial Irrigation Districts (SCUPP/IID), June 27; Division of Ratepayer Advocates (DRA), July 18; San Diego Gas and Electric Company (SDG&E), July 19; and the California Industrial Group (CIG) July 22. In addition SCE has asked for a hearing should Advice Letter 1792-1792-G not be denied.

5. SoCal Gas has filed responses to these protests on July 8 and July 28, 1988.

#### DISCUSSION

1. Many of the protests contain similar arguments which fall into the following general categories:

A. The Commission's recent action in allowing EOR customers on PG&E's system to be served ahead of UEG loads should not set a precedent for SoCal, since the only UEG customer on PG&E's system is PG&E itself. For SoCal, UEG customers include other entities, for example SCE, SDG&E and SCUPP, who would be affected by the priority change. (SCE, SCUPP/IID, DRA, SDG&E, and CIG).

B. An advice letter is inappropriate for deciding this matter. It should be decided in conjunction with the gas procurement and storage case (OII 87-03-036). (SCE, SCUPP/IID, DRA, SDG&E, and CIG).

C. Granting SoCal's request conflicts with the Commission's previous assignments of EOR service to Priority 5 in D.86-12-010. (SCE, and SCUPP/IID).

D. SoCal Gas has given no basis for findings of "need" and "benefit" under PUC Code Sections 2771 et. seq. (SCE).

2. Due to a number of factors, we are concerned that curtailments by SoCal may prove necessary in the near future. These factors include: the extremely high UEG demand attributable to drought conditions and both scheduled and unscheduled downtimes of many nuclear units; the depleted condition of SoCal's storage levels at the beginning of the injection season (a result of last winter's curtailments); and operational difficulties arising chiefly on the El Paso interstate pipeline system.

3. We are persuaded by the protestants that careful thought must be given to the proper treatment of EOR customers in the priority queue. Not to approve SoCal's advice letter; however, would, in the event of a curtailment, mean not only that similarly situated customers would be treated differently on the PG&E and SoCal systems, but also that customers with few alternatives to gas (EOR) would be curtailed at the same time as customers with the most alternatives (UEG) - a counter-intuitive result.

Accordingly, we will approve SoCal's advice letter on an interim basis, and ask for comments on EOR priority for both PG&E and SoCal Gas in the rulemaking on procurement we issue today in I.87-03-036.

4. The Commission Advisory and Compliance Division (CACD) has noted that SoCal's requested change will require revisions to tariff schedules not included in the Advice Letter. These schedules are numbers GN-40 and GT-40.

#### FINDINGS

1. SoCal Gas by Advice Letter 1792-G, has requested reclassification of EOR customers so that they may be served at a similar priority level as EOR customers on the PG&E system, as recently approved by Resolution G-2779.
2. There is a sound basis in public policy for treating similar customers on an adjacent utility system in a similar way.
3. Protests of requested action provide insufficient

grounds for denying SoCal's request or for holding formal hearings on this matter.

4. SoCal Gas should complete this revision to its tariffs by filing revised schedules, as specified by CACD.
5. This order is being issued without advance publication on the Commission's agenda, pursuant to the unforeseen emergency conditions exemption under Public Utilities Code Section 306(b). These conditions are enumerated in items 2 and 3 of the Discussion section.

IT IS ORDERED that:

1. Southern California Gas Company's Advice Letter No. 1792 requesting authority to eliminate a separate priority designation for EOR customers as a class and to place such customers in appropriate end-use priorities (with concomitant revisions to affected schedules) is approved on an interim basis pending our final decision in I.87-03-036, by Commission Resolution G-2819.
2. This Resolution is effective today.

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

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

  
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Executive Director