

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION NO. G-2839  
December 19, 1988

R E S O L U T I O N

RESOLUTION G-2839. SOUTHERN CALIFORNIA GAS COMPANY (SOCAL). ORDER AUTHORIZING CONDITIONAL APPROVAL REQUESTING TRANSFER OF TWO CUSTOMER ACCOUNTS FROM CORE TO NONCORE GAS SERVICE SCHEDULES FOR SUNSHINE BISCUITS, INC., AND ENTENMANN'S/OROWEAT.

BY ADVICE LETTER 1826-G, FILED SEPTEMBER 29, 1988.

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SUMMARY

1. Southern California Gas Company (SoCal) requests authority to transfer Sunshine Biscuits, Inc., and Entenmann's/Oroweat from core to noncore service. These two large customer accounts have the technical capability and economic incentive to install and use alternative fuel systems as required by Decision (D.) 87-12-039, as modified by D.88-03-085 for noncore service.
2. SoCal's request is granted pending the submission of contracts between SoCal and its two customers for noncore gas service.

BACKGROUND

1. The transfer of customers from core to noncore status was addressed in D.87-12-039 (pp. 43-45) as modified by D.88-03-085 (pp. 13-16). Large core customers (usage greater than 20,800 therms per month) may transfer to noncore status without actually installing standby alternative fuel burning equipment provided the following conditions are met. First, the customer is willing to accept a lower priority of service. Second, the Commission grants an exception to the standby requirement upon a successful showing that the customer "... has the clear technological capability to use alternative fuel and where the cost to do so and then use alternative fuel would be less than the cost of core service" (D.88-03-085, pg.15, and Ordering Paragraph No. 6). The

exceptions are considered on a case by case basis subject to an annual requalification.

DISCUSSION

1. The utility customers listed in this resolution are bakeries located in the Los Angeles area. The Commission Advisory and Compliance Division (CACD) staff inspected the two bakeries on December 6, 1988.
2. CACD believes that both of the applicants have the physical and technical capability to install alternative fuel burning facilities. CACD has independently evaluated the cost of such facilities and believes that sufficient economic incentive exists for the applicants to install and use alternative fuel should they not be offered noncore status.
3. SoCal should take steps to ensure that its estimated amortization period for the proposed alternative fuel systems is consistent with the length of time these customers are expected to remain on the PG&E system.
4. These SoCal customers are currently core customers and Once these customers are reassigned to noncore status they will not be subject to the noncore to core portfolio switching ban if they should at that time choose to purchase gas from the core portfolio.
5. The accounting consequences of utility customers being converted from core to noncore gas service status have been considered in Commission Resolution G-2796, for Pacific Gas and Electric Company (PG&E), dated August 24, 1988 with the result that fixed cost revenue contributions shall be recorded in the fixed cost account that corresponds to the customer's classification during the most recent cost allocation decision.
6. Further accounting consequences considered in Commission Resolution G-2796 called for the establishment of a memorandum account to be maintained by PG&E in order to track the difference in fixed cost revenue contributions between core and noncore rates for any customer who transfers between the core and noncore during the interval between cost allocation proceedings. The disposition of this account will be decided in PG&E's next Annual Cost Allocation Proceeding.

7. SoCal will be required to adhere to the same accounting requirements as were required of PG&E in Resolution G-2796.

PROTESTS

1. One protest was received by the CACD. On October 11, 1988, Sunshine Biscuits, Inc. (Sunshine) filed a protest to SoCal's Advice Letter No. 1826.

2. Sunshine seeks noncore reclassification retroactive to May 1, 1988, because it is their claim that they initially corresponded with SoCal and submitted information as to the economic practicality for alternative fuel facilities on April 19, 1988. Sunshine contends that they submitted all of the necessary information to meet "CPUC requirements". Sunshine further claims that it was their understanding, at the time of their initial correspondence, that their reclassification, and the accompanying rate would be retroactive to May 1, 1988

3. In their reply, dated October 28, 1988, SoCal indicates that Sunshine's initial submission of information, on April 19, 1988, did not include needed additional information on the back-up propane system as proposed by Sunshine. SoCal requested this information on June 27, 1988, and Sunshine supplied the information on July 1, 1988. SoCal contends that they needed sufficient time to analyze and process Sunshine's information before they could draft an advice letter.

4. The period from May 1, 1988 to SoCal's advice letter filing date of September 29, 1988 is a reasonable length of time with which SoCal had to analyze the information submitted by Sunshine and then to draft and file an advice letter. As noted by SoCal, the procedure for reclassifying a gas customer from core to noncore status is in its early stages and the time necessary to evaluate each filing, as both utility personnel and CACD gain new knowledge of the process, will hopefully be reduced.

5. No contract currently exists between SoCal and either of the customers, Sunshine and Entenmann's/Oroweat. In addition, this resolution addresses only the customer's eligibility for noncore service, not any particular contract. Therefore, Sunshine protest is moot.

FINDINGS

1. The customers who transfers from core to noncore service are requested for approval by Advice Letter 1826-G, have met the conditions required by D.87-12-039 (pp. 43-45) as modified by D.88-03-085 (pp. 13-16, and Ordering Paragraphs No. 6 & 7).
2. SoCal has not entered into contracts with either Sunshine or Entenmann's/Oroweat.
3. Sunshine's protest is moot.
4. The accounting consequences of these utility customers being converted from core to noncore gas service status have been considered in Commission Resolution G-2796, dated August 24, 1988, for PG&E. SoCal will be required to adhere to the same accounting procedures.
5. Public notification of this Advice Letter has been made by SoCal by mailing copies to other utilities, governmental agencies and to all interested parties who requested such notification.
6. These filings will not increase any other existing rate or charge, conflict with other schedules or rules, or cause the withdrawal of service.

THEREFORE, IT IS ORDERED that:

1. SoCal is authorized to provide noncore gas service to Sunshine Biscuits, Inc., and Entenmann's/Oroweat upon the subsequent submission, to the Commission, of completed contracts for gas service with both of the customers.
2. The protest of Sunshine is denied.
3. These customers shall not be subject to a portfolio switching ban at this time.
4. Fixed cost revenue contributions shall be recorded in the fixed cost account that corresponds to the customer's classification during the most recent cost allocation decision, as discussed in Commission Resolution G-2796.
5. SoCal shall maintain a memorandum account to track the difference in fixed cost revenue contributions between core and noncore rates for any customer who changes core

status during the interval between cost allocation proceedings, as discussed in Commission Resolution G-2796. The disposition of this account will be decided in PG&E's next Annual Cost Allocation Proceeding.

6. SoCal shall remind all customers requesting noncore service that they are interruptible.

7. Advice Letter 1826-G shall be marked to show that they were approved by this Commission Resolution G-2839.

7. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 19, 1988. The following Commissioners approved it:

STANLEY W. HULETT  
President

DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN R. OHANIAN  
Commissioners



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Executive Director