

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION G-2847
December 19, 1988

R E S O L U T I O N

RESOLUTION G-2847. SOUTHERN CALIFORNIA GAS COMPANY (SOCAL). AUTHORIZING MODIFICATION OF RATE SCHEDULES GN-20, GN-30, GN-40, GN-50, GN-60, AND GN-70 TO ALLOW NEW NONCORE CUSTOMERS THE OPTION TO PURCHASE GAS FROM THE CORE PORTFOLIO DURING A SWITCHING BAN.

BY ADVICE LETTER 1834-G, FILED NOVEMBER 10, 1988

SUMMARY

1. By Advice Letter 1834-G, filed November 10, 1988, Southern California Gas Company (SoCal) requested authorization to modify the Special Conditions statement in Rate Schedules GN-20, GN-30, GN-40, GN-50, GN-60, and GN-70 so that SoCal's first time noncore customers can elect to purchase gas from the core portfolio whether or not a switching ban is in effect.
2. SoCal's Advice Letter is approved.

BACKGROUND

1. Rate Schedules GN-20 through GN-70 set forth the provisions for procurement of gas and are classified as follows:

Schedule GN-20: Natural Gas Core Service for
Large Commercial & Industrial

Schedule GN-30: Natural Gas Non-Core Service for
Commercial & Industrial

Schedule GN-40: Natural Gas Service for
Enhanced Oil Recovery

Schedule GN-50: Natural Gas Service for Cogeneration

Schedule GN-60: Natural Gas Service for Utility
Electric Generation

Schedule GN-70: Wholesale Natural Gas Service

2. In accordance with Commission Decision (D.) 86-12-010, the above Rate Schedules specify that noncore customers may not elect core procurement service except when the noncore portfolio price is less than or equal to the core portfolio price. This rule is known as the "portfolio switching ban". Prior to the May 1, 1988 gas implementation of the new rate design, the Commission allowed all noncore customers to choose their supply options without limitation.

3. On November 23, 1988, the Commission, by Resolution G-2831, authorized Pacific Gas and Electric Company (PG&E) to modify its similar Schedule G-PC so that PG&E's new noncore customers could have the option to purchase gas from the core portfolio during a switching ban. The conditions of SoCal's request in Advice Letter 1834-G are similar to those approved by Resolution G-2831 for PG&E.

PROTESTS

1. No protests have been filed in this matter.

DISCUSSION

1. SoCal proposes to modify its Rate Schedules so that new first-time noncore customers can elect to purchase gas from the core portfolio whether or not a "switching ban" is in effect.

2. SoCal claims that this filing is an equity issue for the simple reason that all new noncore customers should have every supply option available when first connecting gas load.

3. SoCal's equity argument is that since all noncore customers, prior to the May 1, 1988 gas implementation date, had the opportunity to purchase from available supply options, this same provision should also be granted to all new noncore customers. The Commission, in D. 86-12-010, put into effect the portfolio switching ban rule. The portfolio switching ban was intended to prevent short-term arbitrage by noncore customers of a cheaper core portfolio price. Although arbitrage by new customers is also possible, we conclude that this possibility is outweighed by the equity consideration that new customers should have the same procurement choices as were available to all noncore gas customers at the time the Commission implemented the new gas industry structure.

4. Comments to this Advice Letter have been received from the Division of Ratepayer Advocates (DRA). DRA concurs with SoCal's contention that customers connecting new gas loads should be given the option to purchase gas from the core portfolio even if a switching ban is in effect.

5. In accordance with Section III, Paragraph G, of General Order 96-A, SoCal has mailed a copy of this Advice Letter to all

utilities and interested parties requesting notification of advice filings.

FINDINGS

1. Equity requires that all new customers have available the same procurement options as were available to all customers when the Commission implemented the new gas industry structure.
2. Since SoCal's Advice Letter 1834-G is similar to PG&E's Advice Letter 1491-G which was previously authorized by Resolution G-2831, SoCal's request should also be granted.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company's Advice Letter 1834-G is authorized to modify Rate Schedules GN-20, GN-30, GN-40, GN-50, GN-60, and GN-70 to allow new noncore customers to have the option to purchase gas from the core portfolio during a switching ban.
2. Advice Letter No. 1834-G and accompanying tariff sheets shall be marked to show that they were authorized by Resolution G-2847 and became effective on and after December 19, 1988.
3. This Resolution is effective today.

I hereby 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 B. OHANIAN
Commissioners


Executive Director