

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2973
December 4, 1991

R E S O L U T I O N

RESOLUTION G-2973, SOUTHERN CALIFORNIA GAS COMPANY
(SoCalGas) ORDER AUTHORIZING SOCIALGAS TO EXTEND ITS
CURRENT STORAGE BANKING PILOT PROGRAMS WITH
MODIFICATIONS

BY ADVICE LETTER 2072 FILED ON SEPTEMBER 12, 1991.

SUMMARY

1. On September 12, 1991, SoCalGas filed Advice letter 2072 requesting Commission authority to extend its current storage banking pilot programs with modifications. SoCalGas has submitted a revised Rate Schedule No. G-STOR which provides for regular storage banking service, and a revised Rate Schedule No. G-STAQ which provides for utility electric generation (UEG) air quality storage service.
2. This Resolution conditionally approves Advice Letter 2072, requiring SoCalGas to incorporate two changes to the G-STAQ Rate Schedule.

BACKGROUND

1. The G-STOR Pilot Storage Banking Program, was adopted by Decision (D.)88-11-034, and extended by D.89-12-046. SoCalGas filed Advice Letter 1927 on December 29, 1989 to comply with D.88-11-034 and D.89-12-046. Resolution G-2909 conditionally approved Advice Letter 1927 with modifications. SoCalGas filed Advice Letters 1927-A and 1927-B to comply with Resolution G-2909.
2. The G-STAQ Pilot Storage Banking Program, was adopted by D.89-12-046. This program allows UEG customers of SoCalGas to store gas in anticipation of the Los Angeles basin "smog season" defined as the period from June 1 through October 31 each year. D.90-03-037 ordered SoCalGas to file an operational plan for G-STAQ service during 1991. On February 6, 1991 the Commission issued D.91-02-019 authorizing SoCalGas' operational plan for "smog season" gas storage by UEG customers during 1991 with some modifications.

3. On September 12, 1991, SoCalGas filed Advice letter 2072 requesting Commission authority to extend its current storage banking pilot programs with modifications to be applicable to non-core customers, marketers and core transporters, and to core aggregators and wholesale customers for any storage service above their allocated core storage capacity. Additionally, Rate Schedule No. G-Stor has also been revised to incorporate the new procurement rules, pursuant to D.90-09-089. SoCalGas has submitted the revised Rate Schedule No. G-STOR which provides for the continuance of its regular storage banking service, and a revised Rate Schedule No. G-STAQ which provides for UEG air quality storage service.

4. This Advice Letter filing will not increase any rate or charge, conflict with any rule or schedule, nor cause the withdrawal of service.

5. Advice Letter 2072 was mailed to interested parties, other utilities and governmental agencies, in accordance with General Order 96-A, Section III, Paragraph G.

PROTESTS

1. Protests were received on October 1, 1991 from the Southern California Utility Power Pool and the Imperial Irrigation District (SCUPP/IID) and the California Cogeneration Council (CCC). SoCalGas responded to the protests in separate letters dated October 21, 1991.

2. SCUPP/IID proposes the following two revisions to Advice Letter 2072:

(1) Revise paragraph 4 to provide that gas which is delivered to SoCalGas by a customer shall be applied first to customer's current usage and then to meet the customer's storage injection nomination. As revised, the new paragraph 4 would read as follows:

(4) All transportation gas delivered to Utility under the same interstate or intrastate pipeline agreement for both and (sic) injection and usage will be applied first to customer's current usage and then to meet the customer's storage injection nomination.

(2) SCUPP/IID recommend that paragraph 7 be eliminated. Paragraph 7 currently provides:

(7) Monthly usage in excess of customer's forecasted smog season storage requirement will result in a reduction of such forecasted quantities for the following month by an amount equal to the excess usage.

3. SoCalGas responded to SCUPP/IID's protest by letter dated October 21, 1991 as follows:

....SCUPP has proposed two separate changes to the existing G-STAG Rate Schedule. SoCalGas does not oppose these recommendations.

4. CCC protests SoCalGas' Advice Letter 2072 for the following reason:

1. SoCalGas inappropriately gives customers who purchase gas from sources other than SoCalGas (Off-system) lower curtailment priority than customers who purchase gas from SoCalGas (On-system);
2. SoCalGas fails to provide for advance notification to cogenerators of UEG service elections; and
3. SoCalGas' description of its long-term storage program does not recognize the statutory requirement of parity between cogenerator and UEG rates.

5. SoCalGas responded to CCC's protests as follows:

With regard to CCC's first issue regarding the distinction between Off-system and On-system customers in Special Condition 13 of G-STOR, SoCalGas states:

...CCC does not understand the definition of Off-system and On-system customers. An Off-system customer is a customer who does not deliver to a facility within SoCalGas' established service territory. For instance, a customer of PG&E is an Off-system customer. CCC apparently thinks an Off-system customer is a customer who transports its own gas rather than purchase it from SoCalGas.

The second issue relates to giving cogenerators five days advance notice of UEG storage service elections. CCC believes SoCalGas would be in violation of PUC Code Section 454.4 if the utility does not provide this information. SoCalGas responds as follows:

It is true that in the case of transportation service the Commission has found that cogenerators should be given the opportunity to evaluate UEG service elections before they are required to make their own elections. This was necessary to maintain rate parity, because the rates are different for different service levels. There was no way to provide the potential for an equivalent rate to the cogeneration customers without knowing the actual elections made by the UEGs.

However, this is not true in the case of storage service. The storage reservation fee is determined through the bid process. The price for storage is the market clearing price (the price level where customers have bid for approximately all the available capacity). Once it is

determined, all retail storage customers are charged the same rate. Therefore, UEG customers and cogeneration customers will always pay the same rate for this storage service.

The third concern CCC has with SoCalGas' Advice Letter relates to the statutory requirement of parity between cogenerator and UEG rates. The utility makes the following response:

SoCalGas did not address the issue of rate parity for cogenerators in its summary of its long term storage program. SoCalGas did not intend to change the parity rules through any subsequent storage proceeding. SoCalGas has always complied and will continue to comply with the requirements of CPUC Section 454.4. CCC's objection is not based on anything submitted by SoCalGas...

DISCUSSION

1. SoCalGas submitted Advice Letter 2072 for the purpose of extending its current storage banking pilot programs another year commencing April, 1992 and continuing until March 31, 1993.
2. Rate Schedule No. G-STOR has been revised to include non-core customers, marketers and core transporters for all their awarded storage service, and to core aggregators and wholesale customers for any storage service above their allocated core storage capacity. Additionally, the new procurement rules implemented on August 1, 1991 pursuant to D.90-09-089, have been incorporated in this filing.
3. Rate Schedule No. G-STAQ has been revised to include a change in the injection period for air quality storage to January 1 through June 30, to revise the reservation charge so that it is based on the reservation of storage capacity required to accommodate gas quantities physically injected and withdrawn from storage. In addition to these changes, Rate Schedule G-STAQ has also been revised to incorporate the provisions of the procurement rules implemented August 1, 1991.
4. SCUPP/IID has proposed two changes to the G-STAQ Rate Schedule and SoCalGas has no objections to these changes. CACD has reviewed the proposed SCUPP/IID changes and recommends that the proposed changes be incorporated.
5. With regard to CCC's issue of advance notice to cogenerators of UEG storage service elections, CACD is not persuaded at this time that advanced notice for UEG storage service elections is required based on its review of recent Commission decisions related to UEGs' service elections advance notice requirements. It should be noted that the Commission has only extended the notice requirement to transportation and procurement services. CACD does not believe that a protest to an Advice Letter is the appropriate forum to modify prior

Commission decisions. If CCC wishes to pursue this issue, CCC should file a petition to modify the Commission rules on banking storage.

6. CACD believes that CCC's concerns regarding SoCalGas' Long-Term Storage Program is outside the scope of this Advice Letter, since SoCalGas is providing for the informational benefit of the Commission and interested parties. As such, CACD recommends that the Commission take no action at this time.

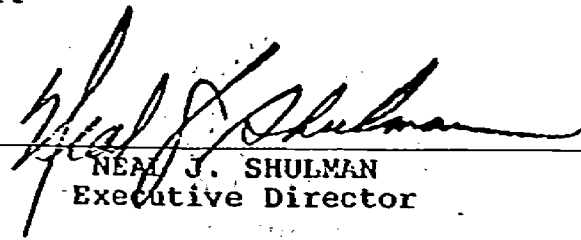
FINDINGS

1. SCUPP/IID has proposed two changes to the G-STAG Rate Schedule. SoCalGas has reviewed the proposed changes and does not oppose these recommendations.
2. SoCalGas' request to extend its storage banking pilot programs should be authorized for an additional year, provided SoCalGas files a revised advice letter and tariff schedule to incorporate the above two changes.
3. Filing a protest to an advice letter is not the appropriate forum to modify a Commission decision.
4. CCC should file a petition to modify the Commission rules on banking storage if they believe clarification is needed.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company shall file a revised advice letter and tariff sheets in compliance with the provisions of General Order 96-A, consistent with the Findings above.
2. Southern California Gas Company shall file a revised advice letter and tariff sheets to incorporate the Findings above within five business days from the effective date of this resolution and to all other parties of record as soon as possible but no later than December 13, 1991.
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 4, 1991. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners