

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3212
JUNE 11, 1997

R E S O L U T I O N

RESOLUTION G-3212. SOUTHERN CALIFORNIA GAS COMPANY (SOCALGAS) REQUESTS APPROVAL TO REVISE TARIFF SCHEDULES AND RULES APPLICABLE TO AGRICULTURAL GAS ENGINE CUSTOMERS TO INCLUDE THE MUNICIPAL WATER PUMPING CUSTOMERS SINCE THEY HAVE SIMILAR USAGE/LOAD PROFILES WHICH ARE COUNTERCYCLICAL.

BY ADVICE LETTER 2509 FILED JULY 3, 1996 AND SUPPLEMENTAL ADVICE LETTER 2509-A FILED AUGUST 29, 1996.

SUMMARY

1. Southern California Gas Company (SoCalGas) seeks approval to revise Schedules G-EN - Core Gas Engine Service for Agricultural Water Pumping, GT-EN - Core Transportation Only Gas Engine Service for Agricultural Pumping, and the related rules. The revisions would extend the applicability of the tariffs to municipal water pumping customers since their usage/load profile resembles that of agricultural gas engine customers i.e. countercyclical. The two nonresidential rate schedules were approved by Decision (D.)94-12-052 in SoCalGas' Biennial Cost Allocation Proceeding (BCAP) Application (A.)93-09-006. The rates were designed for countercyclical gas engine load used by qualifying nonresidential core customers for agricultural water pumping. Countercyclical load peaks in the summer while residential load peaks in the winter.
2. SoCalGas believes its request would encourage municipal water pumpers to evaluate the cost effectiveness of a gas engine when considering their options to purchase water pumping equipment.
3. Advice Letter 2509 is protested by Southern California Edison (Edison) because it believes that SoCalGas' proposal to expand the eligibility of Schedules G-EN and GT-EN lacks sufficient detail. Edison wants the Commission to direct SoCalGas to refile the advice letter with specific and rigorous criteria for customer eligibility. We have considered Edison's request in our review of SoCalGas' proposal including the response to the protest.
4. SoCalGas' proposal is approved because the municipal water pumping customer load profile is similar to that approved by D.94-12-052. Edison's request to require SoCalGas to refile this advice letter is denied.

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BACKGROUND

1. The Commission in D.94-12-052 approved G-EN and GT-EN, nonresidential core gas engine rate schedules. The rates were designed for countercyclical gas engine load and apply to all gas used by qualifying nonresidential core customers for gas engine agricultural water pumping uses. Countercyclical load peaks in the summer while residential load peaks in the winter.
2. By Advice letter 2509 SoCalGas requests the Commission's approval to revise Schedules G-EN and GT-EN and Rule 1, Definitions, to include municipal water customers who have a similar load profile to the agricultural customers or a countercyclical load profile. SoCalGas proposes to extend Schedules G-EN and GT-EN to qualifying nonresidential core municipal water customers who can install gas engines.
3. SoCalGas believes that the extension of the gas engine rate schedules to qualifying municipal gas engine customers would give them additional consideration when evaluating the water equipment options. SoCalGas states: "Like agricultural water pumpers, some water districts exhibit a strong countercyclical load profile, with almost all of the usage occurring in the summer months."
4. SoCalGas claims that it unnecessarily limited the core gas engine water pumping to agricultural customers in its original advice letter filing until other customers pointed out this omission. SoCalGas indicates to the Energy Division that there are about 488 customers currently on the rate schedules and expects 200 customers to qualify if its request is granted.
5. In response to the protest by Edison, SoCalGas filed a supplemental advice letter 2509-A on August 29, 1996 as indicated by its letter dated July 31, 1996. SoCalGas said in the letter that it has been trying to meet with Edison to address the concerns raised in the protest but was unsuccessful. As a result, SoCalGas claims that its response to the protest is a day late.
6. The Energy Division (ED) accepts SoCalGas' reason for the late responses and the appropriate weight is accorded its response to the protest.

NOTICE

1. Public notice of this filing has been made by publication in the Commission's calendar and copies of the advice letter have been distributed in accordance with Section III-G of General Order (GO) 96-A.

PROTESTS

1. On July 23, 1996 Edison filed a timely protest to Advice Letter 2509. On July 31, 1996 SoCalGas filed its response a day late and claimed that it wanted to meet with Edison to resolve its concerns but was unsuccessful. SoCalGas, however, responded

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to the protest in detail by filing a supplemental Advice Letter 2509-A on August 29, 1996.

2. Edison alleges that SoCalGas' proposal to extend the applicability of the gas engine rate schedules to municipal water pumping customers lacks sufficient detail such as the definition of "similar" load profiles and "countercyclical" usage. Edison claims that the rate design schedules for water pumping agricultural customers were based on their countercyclical usage as a group. It urges the Commission to require SoCalGas to refile the advice letter with specific and rigorous criteria for customer eligibility. Edison believes that without specific criteria SoCalGas could have unlimited discretion to allow just any municipal water pumping customer to take service under the gas engine rate schedules.

3. SoCalGas states that the marginal cost to serve agricultural gas engines customers is low due to their countercyclical load profile as a group which is similar to the load profile of municipal water pumpers. SoCalGas demonstrated this by plotting the 1995 load data for gas engine use of all existing municipal water districts currently on GN-10 (Core Service for Small and Industrial), GT-10 (Core Aggregation Transportation for Commercial and Industrial), and GN-20 (Core Service for Large Commercial and Industrial) tariffs on its system under Standard Industrial Code (SIC) codes 4941 - Water Supply and 4971 - Irrigation Systems.

4. SoCalGas further states that it is merely seeking similar treatment for the municipal water districts as Edison who currently offers a menu of rate schedules to agricultural, general water, and sewage pumping customers. It therefore urges the Commission to approve its request.

DISCUSSION

1. The Energy Division has reviewed Advice Letter 2509, the protest by Edison, and SoCalGas' detailed response by supplemental Advice Letter 2509-A.

2. We find that SoCalGas' supplemental Advice Letter adequately addresses Edison's concerns with respect to the applicability of agricultural gas engines tariffs to municipal water pumpers. SoCalGas plotted the 1995 load data for gas engine use of all existing municipal water districts currently on GN-10, GT-10, and GN-20 tariffs. This graph shows that gas usage begins to increase from May and peaks in August. Gas usage starts to decrease from September gradually with a sudden drop beginning in November. The graph demonstrates the profile of a countercyclical load and is similar to the agricultural load profile.

3. SoCalGas extends the definition of Gas Engine Water Pumping to include: "... any natural gas engine used for water pumping for countercyclical or agricultural use." This implies that a qualifying customer must have a countercyclical load before being eligible for service under the tariffs. Therefore, there

is no need for specific rigorous criteria requested by Edison since the tariffs were designed based on a countercyclical load profile as demonstrated by SoCalGas' plot of load data for the GN-10, GT-10, and GN-20 tariffs. SoCalGas' requirements are sufficient and would not lead to unlimited discretion.

4. Edison is aware that the extension of agricultural gas engine tariffs to qualifying municipal water pumpers would compete with its service offering to this group of customers. The Commission supports this kind of competition. The approval of SoCalGas' request would give customers one more choice when considering pumping equipment options. SoCalGas' request is therefore recommended for approval.

FINDINGS


1. D.94-12-052 approved agricultural gas engine tariffs.
2. On July 3, 1996 SoCalGas filed Advice Letter 2509 requesting that agricultural gas engine tariffs be extended to qualifying municipal water pumping customers.
3. Edison protested the advice letter on the grounds that it does not contain sufficient detail to justify the extension.
4. On August 29, 1996 SoCalGas filed a Supplemental Advice Letter 2509-A which fully addresses the extension of G-EN and GT-EN to municipal water pumping customers.
5. We find that SoCalGas' response to the protest reasonable.
6. Edison's protest should be denied.

THEREFORE, IT IS ORDERED that:

1. Advice Letters 2509 and supplemental 2509-A are hereby approved.
2. The protest by Edison is denied.
3. This resolution is effective today.

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I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 11, 1997. The following Commissioners approved it:


WESLEY FRANKLIN
Executive Director

P. Gregory Conlon, President
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Richard A. Bilas
Commissioners