

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

E-3

Copy for:

Orig. and Copy

to Executive Director

Director

Numerical File

Alphabetical File

Accounting Officer

RETURN TO:

ENERGY BRANCH

ROOM 2011

RESOLUTION: G-2646

EVALUATION & COMPLIANCE DIVISION

BRANCH: Energy

DATE: August 7, 1985

R E S O L U T I O N

SOUTHERN CALIFORNIA GAS COMPANY (SoCal). ORDER AUTHORIZING ACCEPTANCE OF THE PROVISIONS OF A GAS SALES AGREEMENT BETWEEN SOCAL AND TEXACO, INC. (Texaco) FOR GAS SALES TO TEXACO

By Advice Letter No. 1525, filed June 18, 1985, SoCal seeks approval of the terms of a gas service agreement with Texaco, dated June 6, 1985. The facts are as follows:

1. By this agreement, SoCal has agreed to sell to Texaco and Texaco has agreed to purchase from SoCal a volume of gas equivalent to that portion of gas available to the SoCal system at Pacific Lighting Gas Supply Company's (PLGS) Meter No. 5507, located in Carpenteria, California.
2. The price for the gas will be equal to the rate paid by PLGS for purchases from Texaco at PLGS's Meter No. 5507. Texaco will deliver such gas to PLGS, either for sale at the same price or for exchange delivery to Texaco elsewhere on the PLGS/SoCal system.
3. The specific details of the pricing formula of the Texaco-PLGS agreement are described fully in PLGS Advice Letter No. 69, as presented to the Commission by Resolution No. G-2645, concurrently with this resolution.
4. The effect of the agreement is the sale of such gas by SoCal to Texaco that SoCal has available in its system and which is determined by SoCal to be unneeded for its other system uses. Such gas shall be sold to Texaco at a price equal to SoCal's acquisition costs.
5. The revenues resulting from the gas purchase by SoCal and resold to Texaco shall be excluded from the Consolidated Adjustment Mechanism (CAM) procedure. SoCal shall continue to credit revenues from exchange services to SoCal's gas margin.
6. The agreement contains a provision that should the Commission fail to approve SoCal's request for authorization of the agreement within sixty (60) days, either party may exercise its option to terminate the agreement by written notice to the other party.
7. The agreement may also be terminated by either party in the event the Commission either declines jurisdiction over the agreement or modifies it in any manner that is unacceptable to either party.

8. Each party shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring deliveries under this agreement. The records of such measuring equipment shall remain the property of the owner, subject to review by the other party.
9. Neither part shall be held liable to the other for damages or losses resulting from, nor shall be held responsible for, the failure to perform its obligations under the terms of the agreement insofar as such actions are due to "force majeure", provided that such parties could not have prevented such an occurrence or event by the exercise of reasonable diligence.
10. Force Majeure is defined as: (1) Acts of God, such as but not limited to, hurricanes, floods, earthquakes, etc.; (2) Acts of Governments, including but not limited to, judicial actions, regulations, acts of arrest, etc.; (3) Acts of Civil Disorder, such as but not limited to, riots, sabotage, acts of war, etc.; (4) Acts of Industrial Disorder, including but not limited to, strikes, lockouts, etc.; and (4) Failure of Facilities, such as but not limited to, freezing of pipes, mechanical breakdown, damage from fires, etc.
11. The agreement shall remain in full force and effect through and including December 31, 1998, unless extended pursuant to the mutual agreement of all parties and subject to approval by the Commission.
12. This filing has been reviewed by the staff of the Evaluation & Compliance Division (E&CD) and approval of this filing concurrent with all other filings germane to this issue (SoCal Advice Letters 1524, 1526 & 1527 and PLGS Advice Letters Nos. 69 & 70) is recommended.
13. Public notification of this filing has been made by mailing copies of this filing to other utilities, governmental agencies and to all interested parties who requested such notification. The staff of the E&CD have received no protests in this matter.
14. We find that this filing is just and reasonable and will result in the sale of gas to Texaco under terms mutually acceptable to both parties and will ensure the dismissal, with prejudice, of the lawsuit commenced by Texaco against SoCal and certain affiliates in the United States District Court for the Central District of California.
15. We further find that the continuation of such lawsuit and possible loss of such suit by SoCal would be detrimental to all SoCal ratepayers.

THEREFORE:

1. Southern California Gas Company is authorized by Section X.A. of General Order No. 96-A and by Section 532 of the Public Utilities Code to place the provisions of the gas sales agreement filed by Advice Letter No. 1525 into effect on July 28, 1985, which constitutes regular

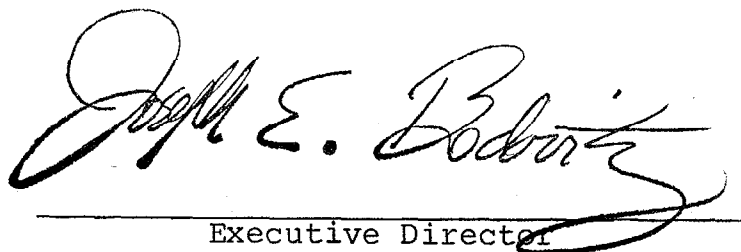
Resolution G-2646
Meeting of August 7, 1985

Page 3

40-day statutory notice, as directed by the Commission in its April 17, 1985 order approving certain changes to the tariff filing procedures.

2. The above advice letter and gas sales agreement shall both be marked to show that they were approved for filing by Commission Resolution No. G-2646. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on August 7, 1985. The following Commissioners approved it:


Executive Director

DONALD VIAL
President
VICTOR CALVO
WILLIAM T. BAGLEY
FREDERICK R. DUDA
Commissioners