

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3132
June 22, 1994

R E S O L U T I O N

RESOLUTION G-3132. SOUTHERN CALIFORNIA GAS COMPANY (SOCALGAS) REQUESTS APPROVAL OF AN ACCESS AGREEMENT BETWEEN ITSELF AND SOUTHERN CALIFORNIA EDISON COMPANY (SCE) AND ITSELF AND SAN DIEGO GAS & ELECTRIC COMPANY (SDG&E) FOR FIRM ACCESS TO THE SOCALGAS SYSTEM AT KERN RIVER STATION OR WHEELER RIDGE.

BY ADVICE LETTER NOS. 2225 AND 2226 FILED OCTOBER 14, 1993.

SUMMARY

1. In these Advice Letters, Southern California Gas Company (SoCalGas) requests approval of an Access Agreement (Agreement) between itself and Southern California Edison Company (SCE) and itself and San Diego Gas & Electric Company (SDG&E) for firm access to the SoCalGas system at Kern River Station or Wheeler Ridge. Since SoCalGas has modified the pro forma Agreements, they require Commission approval. The modifications are minor in nature and reasonable with the clarification that if the parties decide to exercise the option to extend the 13 year Agreement by an additional 12 years, Commission approval is required.
2. There were no protests to the Advice Letters.
3. This resolution approves the access agreements with SCE and SDG&E.

BACKGROUND

1. In Decision Nos. (D.) 93-02-055 and 93-05-009, the Commission adopted an incremental rate methodology for the recovery of the costs associated with facility enhancements made by SoCalGas to accommodate firm deliveries from the Kern River and Mojave Pipelines and the Pacific Gas and Electric Company (PG&E) Expansion Project. In Commission Resolution G-3072 (July 8, 1993, response to Advice Letter No. 2176), the Commission established a mechanism for SoCalGas to recover the costs associated with the incremental investments made to accommodate the above pipeline projects.

2. The Southern California Utility Power Pool and the Imperial Irrigation District, Union Pacific Fuels, Inc., and Meridian

Oil, Inc. applied for rehearing of Resolution G-3072 (A.93-08-022). In D.94-01-048, the Commission annulled Res. G-3072 since SoCalGas' Interconnection Access Service charge departed from the rate established in D.93-02-055 and D.93-05-009. On March 4, 1994, SoCalGas filed Advice Letter No. 2284 seeking approval of Schedule G-ITC, Interconnect Access Service and pro forma Contract, "Access Agreement." Advice Letter No. 2284 and 2284-A became effective on April 14, 1994.

3. The Agreements are the result of an open season held by SoCalGas for firm access over the Wheeler Ridge Interconnection Facility. The open season was conducted to obtain commitments from firm interstate shippers to use the Wheeler Ridge facilities. Edison and SDG&E will utilize the Wheeler Ridge facilities for volumes delivered into the SoCalGas system from the PG&E Expansion pipeline.

4. SoCalGas is submitting these Agreements for approval as they revise portions of the pro forma Agreement.

5. The Agreements differ from the pro forma Agreements in the following areas:

Section 2.1.1.b, (Completion of Transporter's Facilities and SoCalGas' Interconnection Facilities), is revised to clarify that the PG&E Expansion shall be completed and in operation prior to the Agreement taking effect. The PG&E Expansion is currently on schedule to commence operations on November 1, 1993.

Section 3, (Term) is revised to reflect SCE's and SDG&E's option to extend the term of the Agreement by an additional 12 years at the end of the 13 year term contained in the Pro Forma. This benefits SCE and SDG&E by ensuring firm access through the Wheeler Ridge facilities for a longer term as well as providing SoCalGas the potential for additional security regarding cost recovery of the facilities which were built at shareholder expense for the benefit of shippers such as SCE and SDG&E.

Section 4, (Rates), is revised to clearly explain the circumstances under which a credit toward access fees would apply if SoCalGas is unable to accept at least 98% of volumes nominated for delivery at Kern River Station or Wheeler Ridge.

Section 6.1, (Default; Remedies) is revised to provide greater clarity regarding the obligations of SoCalGas to provide firm access to SCE and SDG&E pursuant to their respective Agreements and the remedies available to SCE and SDG&E should SoCalGas default in not providing firm access under the terms of their Agreements as well as the remedies available to SCE and SDG&E. These remedies, as specified in Section 6.1, include termination or suspension of the Agreement.

Section 8.1, (Governing Law; Definitions of Terms, Conflicts and Ambiguities) has been replaced to clarify that the terms of the Access Agreement will supersede the terms of other documents when conflicts arise between the terms of the Agreement and other documents.

Section 8.5, (Assignment), is revised to allow SCE and SDG&E to transfer rights under the agreement to a subsidiary of SCE and SDG&E respectively without the prior consent of SoCalGas. SCE and SDG&E would remain liable for any portion of its Agreement assigned to a subsidiary pursuant to this section.

Section 8.8, (Open Season Contract Language Modification), is added to require SoCalGas to notify SCE and SDG&E of any access agreements that deviate from the Pro Forma Agreement entered into with another shipper pursuant to the SoCalGas' initial open season for firm access through the Wheeler Ridge facility. Under this provision, SCE and SDG&E have the option to amend the Agreement executed during the initial open season to coincide with terms offered other parties should SCE and SDG&E find them more favorable, subject to Commission approval. In accordance with this provision, SDG&E has been provided with a copy of an Access Agreement executed with SCE, filed under Advice Letter No. 2220, and SCE has been provided with a copy of an Access Agreement executed with SDG&E filed under Advice Letter No. 2221. These were the only other Access Agreements executed pursuant to the initial open season. SDG&E requested modifications to the Agreement to include terms from the SCE Agreement they deem more favorable, and SCE requested modifications to the Agreement to include terms from the SDG&E Agreement they deem more favorable. The Agreements submitted for approval hereunder reflect modifications made to the original Agreements executed during the initial open season.

Section 8.9, is added to include language regarding options available to SoCalGas and to SCE and SDG&E in their respective agreements should the Commission modify the Agreement.

6. SoCalGas filed Advice Letters 2225 and 2226 on October 14, 1993 and Advice Letter 2226-A on November 24, 1993.

NOTICE

1. The original Advice Letter was noticed in accordance with section III of General Order 96-A by publication in the Commission Calendar and distribution to SoCalGas' advice filing service list.

PROTESTS

1. The Commission Advisory and Compliance Division (CACD) has received no protests to the Advice Letter filings.

DISCUSSION

1. SoCalGas has the authority to provide Access Agreements to customers under tariff (Advice Letter No. 2284). In Advice Letter Nos. 2225, 2226, and 2226-A, SoCalGas seeks to revise its Access Agreements with its customers, SCE and SDG&E. In order to do so, it must seek Commission authorization. The issue to be decided is whether the proposed revisions are reasonable. In addition, SoCalGas asserts that SCE and SDG&E will pay the tariffed rate set forth in Schedule G-ITC, approved by Resolution G-3072. Since this resolution was annulled, SoCal Gas must apply the effective tariffed rate. SCE and SDG&E are required to pay the tariffed rate set forth in Schedule G-ITC (Effective April 14, 1994).

2. For Section 2.1.1.b. (Completion of Transporter's Facilities and SoCalGas' Interconnection Facility), the issue is moot. The PG&E Expansion project commenced operations on November 1, 1993.

3. For Section 3 (Term), the revision to provide SCE and SDG&E and option to extend the term of their respective Agreements by an additional 12 years is reasonable. If such an option were exercised, SoCalGas would be required to seek Commission authorization.

4. Sections 4 (Rates), 6.1 (Default; Remedies), 8.1 (Governing Law; Definition of Terms, Conflicts and Ambiguities) are all added to clarify the pro forma Agreement and are reasonable.

5. Section 8.5 (Assignment) would allow transfer of rights from the customer to a subsidiary of the customer. To the extent SCE and SDG&E remain liable for the obligations of their respective Agreements, this revision is reasonable.

6. Section 8.8 (Open Season Contract Language Modification) allows SCE and SDG&E the option to amend their respective Agreements to coincide with terms offered to other parties. This revision is reasonable.

7. Section 8.9 applies if the Commission should modify the Agreement. With the understanding that the option to extend the contract by an additional 12 years would require Commission approval, there is no need to modify the Agreements.

FINDINGS

1. SoCalGas filed Advice Letters 2225 on October 14, 1993 to request Commission approval of an Access Agreement between itself and SCE for firm access to the SoCalGas system at Kern River Station or Wheeler Ridge respectively.

2. SoCalGas filed Advice Letters 2226 on October 14, 1993 to request Commission approval of an Access Agreement between itself and SDG&E for firm access to the SoCalGas system at Kern River Station or Wheeler Ridge respectively. SoCal Gas filed supplemental Advice Letter 2226-A on November 24, 1993.

3. The proposed revisions to the Access Agreements are reasonable.

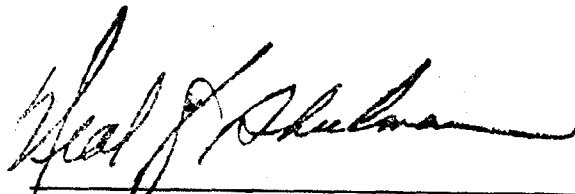
4. The Access Agreements are in compliance with Decision Nos. 93-02-055, 93-05-009, and 94-01-048.

June 22, 1994 *

THEREFORE, IT IS ORDERED that:

1. The Access Agreements of Southern California Gas Company with Southern California Edison Company and San Diego Gas & Electric Company are approved.
2. Advice Letters 2225 and 2226 and 2226-A and the accompanying tariff sheets shall be marked to show that they were approved by Commission Resolution G-3132.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities commission at its regular meeting on June 22, 1994. The following Commissioners approved it:



NEAL S. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
Commissioners