

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3137
August 3, 1994

R E S O L U T I O N

RESOLUTION G-3137. REQUEST BY SAN DIEGO GAS & ELECTRIC COMPANY FOR APPROVAL OF SPECIAL CONTRACT WITH GOAL LINE LIMITED PARTNERSHIP FOR DELIVERY OF VARIABLE HIGH PRESSURE NATURAL GAS.

BY ADVICE LETTER 918-G, FILED ON APRIL 29, 1994.

SUMMARY

1. San Diego Gas & Electric Company (SDG&E) has negotiated a contract with Goal Line Limited Partnership (Goal Line) for the delivery of natural gas at variable transmission pressures. Such delivery deviates from the standard pressure provisions of the utility's Tariff Rule 2 and will enable Goal Line to operate its facility without re-compressing the natural gas deliveries.
2. This Resolution authorizes the special contract and the revision to the utility's List of Contracts and Deviations.

BACKGROUND

1. SDG&E's Tariff Rule 2 provides that the utility will normally deliver natural gas to customers at a standard delivery pressure. This standard delivery pressure is defined as seven inches of water column, which is approximately one fourth pound per square inch gauge (psig).
2. Goal Line is constructing a facility in Escondido at a location approximately one mile from an SDG&E high pressure transmission line. The facility requires high pressure natural gas and Goal Line has requested delivery from SDG&E at its transmission pressure, a deviation from Tariff Rule 2.
3. SDG&E and Goal Line have negotiated Special Contract 272 (Contract) to satisfy Goal Line's requirements. By Advice Letter 918-G, filed on April 29, 1994, SDG&E requested authorization of the Contract and a revised List of Contracts and Deviations incorporating notice of the Contract. In the Contract, Goal Line acknowledges that historical transmission pressures have ranged from 300 to 500 pounds per square inch gauge (psig). Goal Line has agreed that it is solely

responsible for installing facilities capable of accepting natural gas at pressures that may vary from less than 300 psig up to 800 psig. Further, the Contract specifies that there is no guarantee of a minimum serving pressure and that deliveries may be interrupted, suspended or curtailed in accordance with SDG&E's Tariff Rule 14.

4. SDG&E will install approximately one mile of 8 inch diameter pipe from its transmission line to Goal Line's premises in Escondido. The estimated total cost, including the line, service, and meter set assembly, is \$791,000. The estimated annual revenue is \$1,130,000, based on anticipated sales to Goal Line under Rate Schedule GTCG (Natural Gas Transmission Service for Cogeneration Customers). That schedule and the utility's line extension rule provide that the utility will install extensions to industrial customers at its expense, provided that the estimated cost of the extension does not exceed one times the estimated annual revenue.

NOTICE

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

PROTESTS

No protests have been received by the Commission Advisory and Compliance Division (CACD) for this Advice Letter filing.

DISCUSSION

1. The standard delivery pressure provisions of SDG&E's Tariff Rule 2 specify delivery to customers at a standard pressure of approximately one quarter psig. Such delivery is consistent among California's regulated natural gas utilities. Equipment such as water heaters and furnaces is designed and built by manufacturers to utilize these standard pressures. Utility personnel and plumbers are trained to work with the anticipation that they will encounter such pressures under normal operating conditions. Standard delivery pressures are appropriate and widely practiced.

2. The equipment that Goal Line will use is designed to operate at elevated delivery pressures. If Goal Line were to be served at SDG&E's standard delivery pressures, it would be required to re-compress the natural gas so that it could be used effectively in its facility. The consequence of delivery at standard pressures would be the construction of facilities by SDG&E to reduce and regulate the delivery pressure to Goal Line. Subsequently, Goal Line would have to purchase and install compression facilities to boost the gas pressure to adequate levels for its equipment.

3. The Contract is explicit about the limits of service that SDG&E will provide, and the responsibilities that Goal Line accepts. If approved, the Contract would eliminate the need for excess facilities by SDG&E and Goal Line.

4. CACD has reviewed the Advice Letter filing and recommends approval of the Contract, provided that adequate posting or notice is made of the existence of high pressure gas on Goal Line's premises. SDG&E should be required to determine that Goal Line has met the appropriate safety requirements for its gas facilities and to notify the Commission's Safety Division of this determination prior to initiating service to Goal Line.

FINDINGS

1. Goal Line is constructing a facility in Escondido at a location approximately one mile from an SDG&E high pressure transmission line. The facility requires high pressure natural gas. Goal Line has requested delivery from SDG&E at the utility's transmission pressure, a deviation from Tariff Rule 2.

2. The consequence of delivery at standard pressure would be the construction of facilities by SDG&E to reduce and regulate the delivery pressure to Goal Line. Subsequently, Goal Line would have to purchase and install compression facilities to boost the gas pressure to adequate levels for its equipment.

3. SDG&E and Goal Line have negotiated Special Contract 272 (Contract) to satisfy Goal Line's requirements. By Advice Letter 918-G, filed on April 29, 1994, SDG&E requested authorization of the Contract and a revised List of Contracts and Deviations incorporating notice of the Contract.

4. The Contract would eliminate the need for excess facilities by SDG&E and Goal Line.

5. The Contract is explicit about the limits of service that SDG&E will provide, and the responsibilities that Goal Line accepts.

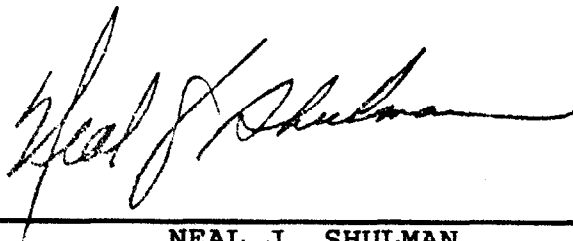
6. CACD recommends approval of the Contract, provided that there is adequate posting or notice of the existence of high pressure gas on Goal Line's premises. SDG&E should be required to determine that Goal Line has met the appropriate safety requirements for its gas facilities and to notify the Commission's Safety Division of this determination prior to initiating service to Goal Line.

August 3, 1994

THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company (SDG&E) is authorized to provide high pressure natural gas service to Goal Line Limited Partnership's premises in Escondido (Goal Line) in accordance with the Special Contract filed by Advice Letter 918-G, and to revise its list of Contracts and Deviations.
2. Prior to initiating service to Goal Line, SDG&E shall determine that Goal Line has met the appropriate safety requirements for its gas facilities and shall notify the Commission's Safety Division of that determination by letter, with a copy to the Energy Branch, prior to initiating service.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 3, 1994. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

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