

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3146
OCTOBER 26, 1994

R E S O L U T I O N

RESOLUTION G-3146. SOUTHERN CALIFORNIA GAS COMPANY REQUESTS AUTHORIZATION TO DEVIATE FROM ITS RULE NO. 1 DEFINITION FOR NONCORE SERVICE FOR TRI-CITY LINEN SUPPLY COMPANY TO ALLOW TRI-CITY TO BE PROSPECTIVELY GRANDFATHERED TO NONCORE STATUS.

BY ADVICE LETTER 2354-G, FILED ON SEPTEMBER 16, 1994 AND ADVICE LETTER NO. 2354-A, FILED OCTOBER 4, 1994.

SUMMARY

1. Southern California Gas Company (SoCalGas) requests to deviate from its Tariff Rule No. 1 definition for noncore service for Tri-City Linen Supply (Tri-City). The requested deviation would allow Tri-City to be grandfathered prospectively to noncore status, effective the date of the Commission's approval of its Advice Letter.
2. There were no protests to this Advice Letter.
3. This resolution approves SoCalGas' request for a deviation based on the unique circumstances affecting Tri-City.

BACKGROUND

1. Tri-City had been a SoCalGas noncore customer since July 1, 1992. In July 1993, however, as a result of its annual review by SoCalGas, it was determined that Tri-City's twelve month average consumption had fallen slightly below the annual noncore consumption requirements of at least 250,000 therms. Thus, Tri-City was no longer eligible to participate in the noncore program. On July 28, 1993, SoCalGas informed Tri-City that its facility would be removed from a noncore rate structure effective August 1, 1993. On September 17, 1993, the Commission issued Decision (D.) 93-09-082 which changed the core/noncore definitions and allowed customers to be grandfathered to noncore status if they had been under such a status on September 17, 1993.
2. Tri-City had fallen below the annual noncore consumption requirement because in mid-1992 they had installed new higher efficiency gas boiler, water heater, heat recovery and dryer

equipment. As an unfortunate result of Tri-City's conservation efforts, they were no longer capable of meeting the noncore consumption threshold which resulted in the net effect of Tri-City having to pay higher gas bills. Tri-City estimates its annual additional gas costs could be as much as \$70,000.

3. As it turned out, Tri-City missed the grandfathering clause deadline applicable under D.93-09-082 by only 47 days.

4. Tri-City filed a formal complaint (Case No. 94-02-042) where Tri-City has requested to be reinstated to a noncore customer status.

NOTICE

1. Public notice of Advice Letter 2354 was made by publication in the Commission's calendar, and by mailing copies of the filing to adjacent utilities and interested parties.

PROTESTS

1. No protests were received by the Commission Advisory and Compliance Division (CACD) on Advice Letter 2354-G.

DISCUSSION

1. SoCalGas filed Advice Letter No. 2354 on September 16, 1994 and Advice Letter No. 2354-A on October 4, 1994 requesting a deviation from its Tariff Rule No. 1 definition for noncore service pursuant to General Order 96-A, Section X. The request is based on a unique set of circumstances that occurred with Tri-City. First, Tri-City's gas usage declined as a result of Demand Side Management measures. The decline was such that it only fell slightly below the annual noncore consumption requirements of 250,000 therms in a year. Second, Tri-City had recently been removed from noncore status just before D.93-09-082 became effective. Tri-City was placed on core customer status on August 1, 1994 just 47 days before the effective date of the decision.

2. The affect of the reclassification from core to noncore on Tri-City has been significant. A financial burden of tens of thousands of dollars a year is considerable.

3. In addition, the Commission supports a policy of encouraging cost-effective investments and conservation. In this particular case, requiring Tri-City to pay the much higher core rates would have the unintended effect of penalizing Tri-City for its conservation efforts.

3. It is reasonable to grant SoCalGas' request to deviate from its Rule No. 1 definition for noncore service and allow Tri-City to be prospectively grandfathered to noncore status.

FINDINGS

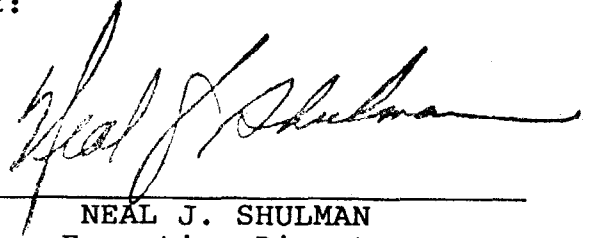
1. Southern California Gas Company filed Advice Letter No. 2354 on September 16, 1994 and Advice Letter No. 2354-A on October 4, 1994 requesting a deviation from its Tariff Rule No. 1 definition for noncore service and to be prospectively grandfathered to noncore customer status for Tri-City Linen Supply pursuant to General Order 96-A, Section X.
2. Tri-City experienced a reduction in gas usage after installing new conservation equipment. Requiring Tri-City to pay the much higher core rates would have the unintended effect of penalizing Tri-City for its conservation efforts.
3. Tri-City's gas usage fell slightly below the annual non-core consumption requirements of 250,000 therms in a year.
4. Tri-City was placed on noncore status on August 1, 1993 just 47 days before it would have been eligible to be grandfathered to noncore status under the provisions of D.93-09-082.
5. Tri-City estimates that it would pay \$70,000 a year more for gas usage as a core customer.
6. Tri-City has filed a formal complaint with the Commission where it has requested to be reinstated to noncore customer service in C.94-02-042.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company's Advice Letter 2354 and 2354-A is authorized to deviate from its Tariff Rule No. 1 definition for noncore service for Tri-City Linen Supply and allow Tri-City to be prospectively grandfathered to non-core status.
2. The deviation shall be effective today.
3. Southern California Gas Company shall revise its list of Contracts and Deviations to include the deviation ordered above and shall file such revised tariff sheets with the Commission within 20 days of the effective date of this Resolution.
4. This resolution is effective today.

October 26, 1994

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 26, 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