

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Item #4 (Rev. 1)

ID #13612

RESOLUTION G-3493

February 12, 2015

R E S O L U T I O N

Resolution: G-3493: Southern California Gas Company (SoCalGas) notifies the Commission and affected parties of a natural gas curtailment event initiated on December 7, 2013 in its service territory as required by Decision 91-09-026 and SoCalGas Rule 23

PROPOSED OUTCOME:

- This Resolution approves, with modification, Advice Letter 4576 and finds that the curtailment was consistent with the procedures as defined in SoCalGas' rules.

SAFETY CONSIDERATIONS:

- Curtailments impact service to customers some of whom may provide critical services. An orderly curtailment process understood by all customers is important to maintaining safety.
- Curtailments may be necessary to ensure the safe operation of a utility's pipeline system.
- It is the utility's responsibility to adhere to all Commission rules, decisions, General Orders, and statutes including Public Utility Code Section 451 which requires the utility to take actions that are "... necessary to promote the safety, health, comfort, and convenience of its patrons, employees and the public."

ESTIMATED COST:

- None

By Advice Letter 4576 filed on December 6, 2013.

SUMMARY

This Resolution approves, with modification, Advice Letter (AL) 4576 and affirms that the curtailment of Standby Procurement Service implemented on December 7, 2013 was necessary and consistent with the procedures defined in the Southern California Gas Company (SoCalGas) rules. The resolution also affirms the curtailment-related penalties assessed by SoCalGas as required under SoCalGas Rule 23. The resolution requires that SoCalGas provide additional information in a supplemental AL in order to comply with the requirements of Decision (D.) 91-09-026. Further, the Resolution requires that, unless addressed in a prior proceeding, SoCalGas shall include, as part of the next Triennial Cost Allocation Proceeding (TCAP), a discussion and resolution that clarifies differences in the use of Rule 23 curtailments of interruptible storage withdrawal vis-à-vis Rule 30 pro-rationing of interruptible storage withdrawal.

The SoCalGas actions reported in AL 4576 were in response to shortfalls in gas supply coming into its system. These supply shortfalls were due to Winter Storm Cleon which brought severe cold weather to significant parts of the US and dramatically raised demand and the price of natural gas supplies in the affected markets. As a result, gas supply usually available to SoCalGas was diverted by suppliers to “higher value” markets. Concurrent high demand in southern California aggravated the supply situation.

SoCalGas took two specific steps to address the supply situation. First, on December 7, 2013 SoCalGas implemented a curtailment of Standby Procurement Service. The curtailment continued through December 11, 2013. The curtailment impacted 28 interruptible noncore customers. Second, SoCalGas also reduced, interruptible storage withdrawal service on a prorated basis during this time. The pro-rationing of storage withdrawal to interruptible customers also began on December 7 with the first notification of a reduction in a customer’s planned withdrawal being made available at approximately 8:15 that morning.

Penalties were assessed by SoCalGas for nine of the 28 customers impacted by the curtailment who did not appropriately balance their deliveries and usage during the curtailment.

BACKGROUND

In compliance with D.91-09-026 and SoCalGas Rule 23, SoCalGas filed Advice Letter (AL) 4576 on December 6, 2013 notifying the Commission and affected parties of a curtailment event in its service territory beginning at 12:00 Midnight on December 7, 2013.¹ The curtailment applied to SoCalGas' Standby Procurement Service (SPS). Service to 28 Commercial and Industrial and Energy Markets customers was impacted. Nine customers incurred penalties related to under delivery of supply relative to burn and SoCalGas' balancing requirements during a curtailment of SPS.

SPS is a balancing service provided by SoCalGas to noncore customers.

The service provides that under-deliveries (customer transportation deliveries into the system that are less than the customer's usage) are 'balanced' by SoCalGas to bring customer usage to within allowed balancing tolerances. This balancing involves the provision of gas by SoCalGas on a temporary basis to cover underdeliveries. (SoCalGas also provides a "Buyback" service under which they match customer usage with over-deliveries.) SoCalGas is able to do so through the use of its storage system. During winter months customers are required to deliver at least 50% of their five-day usage, on rolling basis. This required delivery amount increases as SoCalGas' storage inventory declines over the course of the winter.² Penalties are incurred if balancing requirements are not met.

SoCalGas Rule No. 23, Continuity of Service and Interruption of Delivery, governs the conduct of curtailments. Under this rule, SPS is the first service to be impacted in a curtailment. Rule No. 23 states that, "When in the judgment of

¹ D. 91-09-026 requires that the SoCalGas submit an AL simultaneously with an announcement of a curtailment. The filing "shall state the facts underlying and the reasons for a curtailment, shall demonstrate that the type of curtailment being declared complies with SoCalGas' tariffs, and shall set forth the efforts SoCalGas has taken to minimize or alleviate the curtailment." D.91-09-026, September 9, 1991, p.32 SoCalGas Rule 23 contains identical language.

² A description of the SPS is provided in SoCalGas Schedule No. G-IMB, Transportation Imbalance Service.

the Utility, operating conditions require curtailment of service and/or the diversion of customer-owned gas, such curtailment shall be effectuated in the order and manner described below....” The order for curtailment as described lists “All Standby Procurement service” as the first service to be curtailed. Rule 23 also defines the penalties on volumes that are in violation of balancing requirements during a curtailment. As indicated in SoCalGas Rule 23, by curtailing SPS, SoCalGas was in effect requiring that customer daily deliveries be at a minimum of 90% of their usage.

AL 4576 notes that the SPS curtailment was necessary due to inadequate quantities of gas being delivered into the SoCalGas system. In its notice to customers SoCalGas commented further on the reasons for inadequate supply: “continuing severe weather conditions from Winter Storm Cleon affecting gas production and the interstate pipelines serving southern California....”³

The curtailment was terminated at 11:59 P.M. on December 11, 2013.

NOTICE

Notice of AL 4576 was made by publication in the Commission’s Daily Calendar. SoCalGas sent a copy of the Advice Letter to the General Order 96-B parties listed on Attachment A to the Advice Letter.

PROTESTS

SoCalGas’ Advice Letter AL 4576 was timely protested by Chevron USA Inc. (Chevron).⁴ The protest, filed on December 26, 2013, makes three assertions:

³ SoCalGas/SDG&E Curtailment of Standby Procurement Service Notice for Transportation Customers. A copy of the notice was provided as part of a protest by Chevron USA. The reference to “severe weather conditions” and their supply impact is consistent with reports concerning weather related supply problems as presented in Platts Gas Daily for December 6 and December 9, 2013.

⁴ Chevron is the only protesting party to AL 4576. After the end of the protest period the City of Vernon contacted the Energy Division concerning the possibility of submitting a late filed protest. Some aspects of concern to Vernon were similar to issues presented by Chevron. Energy Division informed the city that they could file a protest

Footnote continued on next page

(1) SoCalGas prorated, i.e., cut storage withdrawals for interruptible customers during the curtailment but did not provide timely information that would have allowed Chevron to respond; (2) the pro-rationing of storage withdrawals was unnecessary; and (3) the structure of the SoCalGas tariff makes it difficult if not impossible to comply without incurring significant negative consequences. Chevron comments that it made all reasonable efforts to meet its supply obligations and any penalties should be waived by the Commission.

The protest asserts that Chevron took several steps to assure that it could meet its required level of supply. These included nominations for storage withdrawals. The protest continues that, if executed at the levels Chevron nominated, the withdrawals would have provided supply in excess of Chevron's forecast load requirements. Chevron concludes that the cuts to interruptible storage withdrawal nominations resulted in Chevron only being able to meet 83.7 percent of its load requirements for December 7.

Chevron attributes this shortfall, at least in part, to the timing of the notice it received concerning the storage withdrawal cuts. The protest comments that although SoCalGas needed supply it interrupted storage withdrawals. Specifically, it comments that "The interruptions to withdrawals did not occur until after cycle 4 nominations were due, which occurred at 3:00 pm (hour 15) of the event on December 7. Because of this timing, customers had no knowledge of these storage cuts during the first eight hours of the curtailment event."⁵

Chevron also questions whether the cuts to storage withdrawal were reasonable and necessary. The protest asserts that the SoCalGas Electronic Bulletin Board (EBB) postings show "that additional storage withdrawal capacity was in fact available on December 7."⁶ The protest seeks to support this assertion with a

with the understanding that it may not be considered. Vernon did not file a protest of AL 4576 but later filed a formal complaint (Case 14-05-016) with the Commission. Vernon later withdrew its complaint.

⁵ Chevron USA Inc. Protest to southern California Advice Letter 4576. December 26, 2013. p. 1.

⁶ Ibid., p. 2.

table presenting the available withdrawal capacity, the actual withdrawal made and the resulting net available withdrawal capacity for the Gas Days just before and during the period of the curtailment, i.e., December 4, 2013 through December 11, 2013. The protest comments that the table indicates that there was available withdrawal capacity on December 7. For the dates of the curtailment the table presents net available capacity on December 7 of 455,000 decatherm per day (dth/d) and ranging from a low of 104,000 dth/d on December 9 to a high of 1,017,000 on December 11, the final day of the curtailment.

Chevron further contends that the structure of the SoCalGas' tariff makes it difficult to comply with balancing requirements during the curtailment event without unreasonable over-nominations. The protest posits a specific example to demonstrate the difficult structure. Chevron's example refers to the inconsistency between how SoCalGas considers customer burns (hourly) versus how it considers supply (over 24 hours) and the resulting impact on the ability to obtain supply and adjust nominations without incurring penalties. In recognition of this and similar problems, Chevron argues that "the Commission should review Rule 23 to prevent penalties from arising from tariff language that does not fairly represent the capabilities of customers in today's marketplace. The tariff should be updated to reflect a fair solution to both the pipeline and the customer."⁷

SoCalGas replied to Chevron's protest on January 3, 2014. In the reply SoCalGas comments that it is generally sympathetic to Chevron's position. SoCalGas further comments that, unless the Commission grants Chevron the relief it requests, under Rule 23 SoCalGas must impose penalties on Chevron for failing to meet supply requirements.

On the issue of the timing of notice of storage withdrawal cuts as raised by Chevron SoCalGas states that high demand combined with maintenance related reductions in place since November 7, 2013 impacted its ability to schedule withdrawals for customers with interruptible service. SoCalGas goes on to assert that it "in fact cut Chevron's interruptible storage nominations in Cycle 3, and Chevron had access to its revised Cycle 3 nominations by 8:15 A.M. on

⁷ Ibid., p. 4.

December 7 – giving it almost seven hours to work around the most current pro-rata cuts.”⁸

On the issue of the reasonableness of the cuts to storage withdrawals raised by Chevron, SoCal Gas contends that it made withdrawals up to the physical capabilities of its system. It further notes that these capabilities were limited by the maintenance related reduction, first posted on November 7, 2013, of 510,000 dth/d to storage withdrawal capabilities.

SoCalGas comments that it is sympathetic to Chevron’s call for Commission review of Rule 23. It notes that the rule was developed in the early 1990’s prior to the implementation of the four-cycle nomination process. It asserts, however, that Commission action is not necessary as SoCalGas is “in the process of developing proposals for the modernization of its curtailment rules that we hope to be able to present to customers and other interested parties in 2014 and...such proposals may in turn form the basis for modernization proposals to submit to the Commission.”⁹

DISCUSSION

This Resolution affirms the necessity of the SoCalGas December 7, 2013 curtailment of Standby Procurement Service.

Severe weather conditions reduced available gas supply and required limiting service. Extreme cold weather impacted both gas supply and demand. Well freeze offs were experienced in the primary producing basins serving SoCalGas and weather conditions impacted the interstate pipelines delivering supply to

⁸ Reply to Protest of SoCalGas Advice No. (AL) 4576 – Curtailment of Standby Procurement Service on December 7, 2013. January 3, 2014. p. 2.

⁹ SoCalGas Reply to Protest, Op. Cit., p. 3. SoCalGas footnotes the quoted statement saying that “Such proposals may extend beyond Rule 23, since other SoCalGas tariffs such as Rule 1 and Schedule G-IMB also contain curtailment-related language or provisions.”

Southern California.¹⁰ At the same time California demand for natural gas increased. The Chevron protest states that notice of the curtailment came “late” but does not challenge necessity of the curtailment of SPS nor does it specifically dispute the timing of the curtailment notice.

AL 4576 did not provide sufficient information to fully comply with the requirements of D.01-09-026.

Ordering Paragraph 1 of D.91-09-026 requires that the AL notifying the Commission of a curtailment “shall state the facts underlying and the reasons for a curtailment, shall demonstrate that the type of curtailment being declared complies with SoCalGas’ tariffs, and shall set forth the efforts SoCalGas has taken to minimize or alleviate the curtailment.”¹¹ The advice letter presented one statement, “inadequate supplies being delivered into the SoCalGas system” as the reason for the curtailment. The AL presented no underlying reason, did not refer to or otherwise demonstrate compliance with SoCalGas Tariffs nor presented any information concerning efforts to minimize or alleviate the curtailment. Energy Division requested and received responses for each of the missing items and supporting information in considerable detail. SoCalGas should file a supplemental AL, AL 4576-A, incorporating the items required by D.91-09-026, albeit in a summary form abbreviated from the documents provided in response to the data request.

Chevron had access to information in time to respond to cuts to its storage withdrawal nominations.

Cuts to storage withdrawal, or what is also referred to in the AL as pro-rationing of interruptible storage withdrawal, occur with some frequency during the

¹⁰ An Energy Division review notes that both Platts Gas Daily and Natural Gas Intelligence (NGI) reported well freeze offs in the San Juan and Permian Basins significantly reducing supply over the period of the curtailment. NGI comments on difficulties in maintaining linepack sufficient for deliveries experienced by El Paso Natural Gas on its pipelines.

¹¹ D.91-09-026, September 9, 1991, p.32.

winter season, and are considered a normal part of the scheduling process.¹² These cuts/pro-rationing are described in SoCalGas Rule 30. The rule notes that nominations using interruptible storage rights will have second priority to firm rights, pro-rated if over-nominated relative to the storage maximums. These maximums are based on the operating conditions for the day. Rule 30 has no specific requirement concerning the timing of notice, stating only that notice of what it calls “bumped” interruptible schedule quantities will be provided via the transactions module in EBB.¹³

In response to a request by the Energy Division SoCalGas provided information confirming its statement that it “in fact cut Chevron’s interruptible storage nominations in Cycle 3, and Chevron had access to its revised Cycle 3 nominations by 8:15 A.M. on December 7 - giving it almost seven hours to work around the most current pro-rata cuts.”¹⁴

SoCalGas acted reasonably when it limited interruptible storage withdrawals. During the curtailment period SoCalGas relied heavily on storage to help balance the system. The cuts to interruptible storage withdrawal were made based on SoCalGas’ expectation of capacity that was necessary for the balancing function.

The table presented in the Chevron protest, to support its contention that the cuts in interruptible storage withdrawal were unreasonable, is based on the incorrect metric. The table presents aggregate data for a day. However, the demands on storage withdrawal immediately prior to and during the curtailment were ongoing. An examination of withdrawal data on an hourly basis more closely represents the magnitude of the actual withdrawal demands. This information

¹² In response to an Energy Division data request SoCalGas indicated that it prorated cycle 4 interruptible storage withdrawal 16% of the time during the 100 day period of November 1, 2013 through February 10, 2014. ¹² SoCalGas characterizes the reductions in storage withdrawal that were implemented during the curtailment period as cuts or pro-rationing of storage withdrawal and Chevron refers to them as cuts.

¹³ Southern California Gas Company Rule 30, D. 4., Storage Service Capacity, Sheet 5.

¹⁴ Reply to Protest of SoCalGas Advice No. (AL) 4576 - Curtailment of Standby Procurement Service on December 7, 2013. January 3, 2014. p. 2.

shows that on December 6th withdrawals were made at and even above the capacity limits, and on December 7th those limits were approached on several instances. While in aggregate, there was storage capacity on December 7th SoCalGas acted reasonably, as it explains in response to a data request, when it:

“limited interruptible withdrawals on December 7th based on quantities reserved for the balancing function and its forecast. SoCalGas prudently assumed, as had been the case for the prior days, that 340 MMcfd of withdrawal reserved for balancing would be used. In fact, in response to the standby procurement curtailment on the 7th, receipts increased and customers over-delivered supplies by more than 300 MMcfd.”¹⁵

Given the circumstances leading to what was the first curtailment of SPS and SoCalGas’ experience with balancing under such circumstances, it was reasonable for SoCalGas to reserve storage capacity to meet balancing demand. Conversely, under the supply circumstances at the time it would have been less likely that SoCalGas could or should have anticipated that customers would over-deliver.

Interruptible service by definition carries the risk that service will be curtailed or cut. Chevron knowingly assumed this risk and the risk of associated penalties.

Rule 23 makes it very clear that SPS is the first to be curtailed:

“When, in the judgment of the Utility, operating conditions require curtailment of service and/or the diversion of customer-owned gas, such curtailment shall be effectuated in the order and manner described below, unless otherwise specified in this rule.

(1) All Standby Procurement service....”¹⁶

¹⁵ Ibid., p. 1.

¹⁶ Op. cit., Sheet 2.

The curtailment of SPS on December 7 and resulting penalties were a first time event on the SoCalGas system, but one that could have been anticipated in one form or another. Chevron decided by its choice of service to accept the risk that its service would be curtailed and that it would have to rely on its resources to make up for the curtailment or to incur penalties. Further, a majority of SPS customers were able to respond in a manner that avoided penalties entirely or resulted in only minor penalties.

Rule 30 makes clear that, when necessary, interruptible storage withdrawal will be cut in favor of firm. Further, as indicated earlier, cuts to interruptible storage withdrawal service under Rule 30 are not unusual and happen with some frequency especially during the winter months.

Most SPS customers impacted by the curtailment met their delivery requirements. Forgiving the penalties for customers who did not meet their delivery requirements in effect penalizes those customers who met those requirements. This potentially undermines the future effectiveness of penalties for underperformance.

A total of 28 customers representing 41 accounts were curtailed. Of those customers, only 9 incurred penalties. The remaining 19 customers met their load requirements. SoCalGas, in its response to a data request, stated that there was no distinction that would make the companies who incurred penalties different from the ones who did not incur penalties. Chevron states that it made a good faith effort to deliver sufficient supply and SoCalGas' reply states that it is sympathetic to Chevron's position. However, the determination of penalties is not effort based but result based. There is no way to assess the efforts of other customers who were penalized or for that matter those who successfully met their load requirements.

Rule 23 and the general approach to curtailments and balancing requirements should be reviewed and possibly revised to reflect changes in the market and operations.

Chevron appropriately notes that the structure of the SoCalGas' tariff "makes it difficult, to comply during the curtailment event without unreasonable

overnominations.”¹⁷ In its protest Chevron provides, by way of example, one instance of the problems in Rule 23. The example presents what Chevron characterizes as the inconsistency between how SoCalGas considers customer burns (hourly) versus how it considers supply (over 24 hours) and the resulting impact on the ability to obtain supply and adjust nominations without incurring penalties. SoCalGas, in its reply, notes that it is sympathetic to Chevron’s call for Commission review of Rule 23. We agree with the need to examine and address the effectiveness of the current Rule 23 particularly in light of marketplace changes.

The Commission is aware that discussion of the curtailment and some discussion of Rule 23 revisions and other changes has taken place and that SoCalGas has filed Application 14-06-021. The Application as proposed would effectively replace some of the curtailment and balancing rules with a low operational flow order process.

The distinction between “curtailment” of interruptible storage withdrawal as indicated in Rule 23, C.1.(4) Effectuation of Curtailment and “cuts” to interruptible storage withdrawal as indicated in Rule 30, D. 4., Storage Service Capacity needs to be clarified.

The basis on which “cuts” to interruptible storage withdrawal were made under Rule 30 during the curtailment versus a “curtailment” of interruptible storage withdrawal as provided for by Rule 23 is not clear. Specifically, while it appears that “cuts” under Rule 30 can be made during more normal operations it is not clear why Rule 30 cuts would be made during a curtailment when Rule 23, that governs curtailments, provides for them. Further, the consequences/impacts of using a Rule 30 cut versus a Rule 23 curtailment of interruptible storage withdrawal are not discernable. Unless addressed in a prior proceeding, SoCalGas should, as part of the next TCAP, discuss and resolve and clarify the differences between a cut in Rule 30 and a curtailment in Rule 23. The discussion and resolution shall include: (1) a description of the circumstances under which a cut will be implemented and the circumstances under which a curtailment will be implemented; and (2) a definition of the consequences and impact of a cut versus a curtailment of interruptible storage.

¹⁷ Chevron Protest, Op. Cit., p. 4.

COMMENTS

Comments were provided by SoCalGas on January 20, 2014. SoCalGas notes that the Background section of the draft resolution incorrectly states that, in addition to using its storage system, SoCalGas uses variations in linepack on its pipeline system to balance its system under its Standby Procurement System. The comments note that there is no linepack capacity available on the system to use linepack to meet daily balancing needs. SoCalGas further comments that it needs the system-wide pack and draft capacity to manage hourly changes in both planned and unplanned customer demand. The background section has been corrected, removing the reference to linepack.

FINDINGS

1. On December 6, 2013, Southern California Gas Company (SoCalGas), as required by Decision (D.) 91-09-026, filed Advice Letter (AL) 4576 notifying the Commission that it would be curtailing Standby Procurement Service (SPS) beginning at Midnight on December 7, 2013. The curtailment was the result of severe winter weather that both reduced available natural gas supply and increased demand in southern California.
2. Under SoCalGas Rule 23 SPS service is the first service to be affected in a curtailment.
3. The curtailment impacted 28 noncore customers. Of these 28 customers, 9 incurred penalties for not balancing receipts relative to burn to within the tolerance required by SoCalGas' Tariff.
4. On December 7, 2013, during the first day of the curtailment, SoCalGas relied heavily on storage withdrawals to meet demand.
5. On December 7, SoCalGas also cut storage withdrawals for customers with interruptible storage withdrawal service. The cuts reflected storage withdrawal capacity limits and, based on prior experience, the need to maintain a reserve to manage any shortfalls in deliveries.
6. The December 7 cuts to storage withdrawal were made pursuant to SoCalGas Rule 30. Rule 30 makes clear that, when necessary, interruptible storage withdrawal will be cut in favor of firm.
7. In addition to the ability to cut interruptible storage withdrawals under Rule 30, interruptible storage withdrawal can be curtailed under Rule 23. The distinction and impact of reductions to interruptible storage withdrawals under the two rules is not clear. SoCalGas should define the differences and impacts of the two rules and circumstances that determine

- if cuts under Rule 30 should be used during a curtailment versus the action that can be taken under the curtailment procedures in Rule 23.
8. AL 4576 was protested by Chevron USA Inc. (Chevron). Chevron is an SPS customer with interruptible storage withdrawal service.
 9. Chevron responded to the curtailment by scheduling flowing supplies and storage withdrawals in quantities targeted to meet 100 percent of its load requirements. However, Chevron asserts that the SoCalGas reductions of interruptible storage withdrawals resulted in Chevron failing to provide for 100 percent of its load. As a consequence Chevron incurred penalties under SoCalGas Rule 23.
 10. Chevron asserts that it was not provided with timely information concerning December 7th cuts to interruptible storage withdrawals.
 11. Rule 30 does not require advance notice of cuts/pro-rationing of interruptible storage withdrawal.
 12. SoCalGas provided the Energy Division documentation showing that notice of the cut/pro-rationing of Chevron's nomination for a withdrawal was known approximately seven hours ahead of the scheduled time for withdrawal.
 13. Chevron asserts that, based on its aggregate data showing daily capacity surplus, cuts to interruptible storage withdrawals were not necessary and were unreasonable.
 14. Since storage withdrawal was ongoing, aggregate data does not accurately reflect storage withdrawal operations and capacity throughout the course of a day(s). A SoCalGas review of hourly data shows that maximum capacity was reached and even exceeded on the 6th and was approached on multiple occasions again on the 7th. Further, SoCalGas determined that reserve withdrawal capacity should be held.
 15. SoCalGas acted reasonably in cutting interruptible storage withdrawal. Given the circumstances it relied on the reasonable expectation that storage withdrawals would be required to balance deliveries relative to burn and maintained a reserve to meet this expectation. Conversely, it was much less likely and could not be reasonably anticipated that customers would meet their requirements or over deliver.
 16. Chevron identified issues related to the SoCalGas tariff that make it difficult to reasonably respond to and comply with curtailment requirements. SoCalGas acknowledges that current practices should be revised to reflect changes in the market.
 17. Chevron, based on its protest, request that the Commission waive penalties incurred during the first eight hours of the curtailment.

SoCalGas noted that it would not be opposed to granting Chevron's request that the penalties be waived.

18. Because (1) SoCalGas followed the requirements of its rules in implementing the curtailment, (2) SoCalGas acted reasonably when it cut interruptible storage withdrawal service, (3) most, 19 of 28 curtailed SPS customers were able to respond without incurring penalties and (4) Chevron assumed the risk of curtailment and cuts to storage withdrawal when it elected interruptible service, the Commission should not waive penalties incurred during the curtailment.
19. SoCalGas rules concerning curtailments and balancing are likely outdated and should be reviewed and potentially revised. SoCalGas has filed Application 14-06-021 to allow for a low operational flow order procedure to replace the current curtailment rules.

THEREFORE IT IS ORDERED THAT:

1. Southern California Gas Company Advice Letter 4576 is approved subject to the filing of a supplemental Advice Letter.
2. Southern California Gas Company shall file within 30 days of this Decision, a supplemental Advice Letter 4576-A incorporating, as required by Decision 91-09-026, Ordering Paragraph 1, the facts underlying and the reasons for the December 7, 2013 curtailment, demonstrating that the type of curtailment being declared complies with SoCalGas' tariffs, and setting forth the efforts SoCalGas took to minimize or alleviate the curtailment.
3. Southern California Gas Company shall, unless addressed as part of a prior proceeding, clarify the differences between a curtailment of interruptible storage withdrawals under Rule 23 and the pro-rationing (aka a cut) of interruptible storage under Rule 30 in its next Triennial Cost Allocation Proceeding (TCAP). The clarification shall indicate operational, supply based or other factors determining the use of Rule 30 pro-rationing versus Rule 23 curtailment, and the impact on cost, withdrawal amounts and timing, requirements for notification and any other requirements or impacts of a implementing a Rule 30 pro-rationing versus a Rule 23 curtailment. The discussion shall include clarifying language to be incorporated into each of the two rules.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 12, 2015; the following Commissioners voting favorably thereon:

Timothy J. Sullivan
Executive Director