

Decision 89 09 047

SEP 7 1989

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Mailed

Order Instituting Investigation )  
into procurement and system )  
reliability issues deferred from )  
Decision 86-12-010. )

I.87-03-036 )  
(Filed March 25, 1987) SEP 8 1989

And Related Matters. )

R.88-08-018 )  
(Filed August 10, 1988)

(I & S)  
Case 89-05-016  
(Filed June 10, 1989)

OPINION MODIFYING DECISION

On July 21, 1989, Pacific Gas and Electric Company (PG&E) filed a petition for modification of our storage banking decision. In Decision (D.) 88-11-034, we adopted a pilot storage banking program for 1989-1990 and anticipated a permanent program to start with the 1990-1991 injection cycle. PG&E's petition asks that we extend the pilot program through the 1990-1991 injection season. PG&E's Petition to Modify D.88-11-034

PG&E requests that we delay adoption of the permanent storage banking program for a number of reasons. First, PG&E states that neither it nor its customers has had adequate experience with the existing program to evaluate what modifications, if any, should be made to the permanent program set forth by the Commission in D.88-11-034. The storage injection was taking place at the time of PG&E's filing, but withdrawal had not yet begun.

Moreover, PG&E believes that the absence of firm interstate transportation appears to have discouraged participation in the pilot program. Both the Commission and PG&E customers have stated that without firm transportation the storage banking

program is less valuable to customers than it might be. PG&E states a permanent program should be delayed until firm transportation is available. The parameters of a capacity allocation program may affect the final provisions of a permanent storage banking program.

Finally, PG&E believes that delaying the implementation of the permanent program serves the interest of efficient judicial administration. Holding hearings now on this matter would strain the resources of the Commission and the parties.

Recognizing that some "fine tuning" of the pilot program may be necessary, PG&E suggests the parties meet in workshops.

The Division of Ratepayer Advocates (DRA), Southern California Gas Company (SoCal), Southern California Edison Company (SCE), Toward Utility Rate Normalization (TURN), San Diego Gas & Electric Company (SDG&E), PSI, Inc., California Industrial Group (CIG), Salmon Resources, Ltd., and Mock Resources, Inc. (Salmon/Mock) filed responses to PG&E's motion. All parties support PG&E's proposal to defer implementation of the permanent storage program. Some commented that certain conditions should be placed on the continuation of the pilot program.

SCE suggests that SoCal should also be required to extend its pilot program. It also suggests that both SoCal and PG&E be required to file interim reports on their programs and that customers should be permitted to submit, within twenty days of the filing of those reports, comments on program operation. SCE states the reports should be filed September 1, 1990; December 15, 1990; and May 1, 1991.

PSI, Inc. comments that the Commission should require a workshop to discuss problems that have arisen resulting from the Commission's prohibition on broker participation and other topics regarding fine tuning of the existing program. Salmon/Mock also believes that brokers should be able to bank gas for their own accounts.

CIG supports the extension of the existing program with conditions. CIG believes the Commission should reconsider treatment of core-elect customers, who are afforded preferential treatment under the pilot program, in terms of the revenue requirement for which they are responsible. D.88-11-034 anticipated elimination of this preferential treatment with the implementation of the permanent program. Salmon/Mock shares this view, arguing that core-elect customers should pay banking reservation fees like any other customer.

CIG also believes the pilot program should use forecasted storage reservation fees, consistent with the design of the permanent program. CIG comments that SoCal's pending ACAP proceeding reflects a credit for forecasted storage reservation fees for the period beginning April 1, 1990 when the permanent storage program was to begin.

SoCal believes the Commission should hold workshops to discuss some problems experienced with the interim program, namely, treatment of customers who withdraw offers and operational flexibility for storage customers.

#### Discussion

We agree that the permanent storage banking program for both SoCal and PG&E should be deferred for at least one year in order to gain experience with the pilot program and in order to provide time to address pipeline capacity allocation issues.

At the parties' suggestion, we will schedule workshops to address minor changes to the pilot storage banking program. We emphasize that we will not consider controversial changes to the program at this time. Adequate time is not available to address them in hearings before next year's storage injection season. The workshops will also address the issues which D.89-07-017 (issued in the gas rate design proceeding I.86-06-005 et al.) ordered SoCal to address in comments filed by August 21, 1989, in this procurement proceeding.

The Commission Advisory and Compliance Division will hold workshops on fine tuning the storage banking program on October 4 and 5. We seek comments from the parties on the results of the workshops. Those comments should be filed by October 30.

We note that D.88-11-034 identified several outstanding issues which needed to be resolved prior to implementation of the permanent storage banking program. We still intend to consider those issues before the permanent program is put into place.

#### Findings of Fact

1. PG&E filed a petition for modification of D.88-11-034 requesting that the Commission defer implementation of the permanent storage banking program.

2. The utilities have not yet gained adequate experience with the pilot program to evaluate it in the context of the permanent program.

3. The Commission has not yet adopted a pipeline capacity allocation program, and the availability of pipeline capacity is likely to affect the usefulness and implementation of a permanent storage banking program.

4. No party opposed PG&E's proposal to defer the implementation of a permanent storage banking program, although a number of parties suggest modifications to the pilot program.

5. Issues regarding the pilot storage program may be addressed in workshops and in comments to be filed following the workshops.

#### Conclusions of Law

1. PG&E's petition to modify D.88-11-034 should be granted.

2. Workshops should be held to address minor or noncontroversial changes to the pilot storage banking program and certain issues raised in D.89-07-017 regarding SoCal's accounting mechanisms for storage. The Commission may address those issues in a future order in this proceeding, following comments filed by the parties.

ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) petition to modify Decision (D.) 88-11-034 by extending the pilot storage program to April 1991 is granted. The modified ordering paragraphs of D.88-11-034 are attached to this decision as Appendix A.

2. The Executive Director shall direct the Commission Advisory and Compliance Branch to hold workshops on October 4 and 5, 1989 at 10:00 a.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California to address minor changes to the pilot storage banking program and issues raised in D.89-07-017 regarding Southern California Gas Company's accounting mechanisms for storage. The parties may file comments on the workshop topics on or before October 30, 1989.

This order is effective today.

Dated SEP 7 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

- 5 -

*Wesley Franklin*  
WESLEY FRANKLIN, Acting Executive Director  
*pe*

APPENDIX A

INTERIM ORDER ON GAS STORAGE BANKING SERVICE

IT IS ORDERED that Pacific Gas and Electric Company and Southern California Gas Company shall file plans to implement the pilot program approved in this decision. The plans shall be consistent with the pilot program approved in this decision. The plans shall be consistent with the foregoing Findings of Fact and Conclusions of Law, and shall be filed, served, commented upon, and reviewed for final approval in conformity with the schedule in Appendix C.

IT IS FURTHER ORDERED that the interim approach to storage by wholesale customers, instituted in Decision 88-03-085, shall continue during the pilot program but shall be superseded upon full implementation of the regular banking service in time for the beginning of the 1991 injection season (approximately April 1, 1991).

(END OF APPENDIX A)

The Commission Advisory and Compliance Division will hold workshops on fine tuning the storage banking program on October 4 and 5. We seek comments from the parties on the results of the workshops. Those comments should be filed by October 30.

Findings of Fact

1. PG&E filed a petition for modification of D.88-11-034 requesting that the Commission defer implementation of the permanent storage banking program.
2. The utilities have not yet gained adequate experience with the pilot program to evaluate it in the context of the permanent program.
3. The Commission has not yet adopted a pipeline capacity allocation program, and the availability of pipeline capacity is likely to affect the usefulness and implementation of a permanent storage banking program.
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Conclusions of Law

1. PG&E's petition to modify D.88-11-034 should be granted.
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This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.