L/MBD/cip*

ORIGINAL

Decision 90 01 021 JAN 09 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's motion into implementing a rate design for unbundled gas utility services consistent with policies adopted in Decision 86-03-057	I.86-06-005 (Filed June 5, 1986) And Consolidated Cases R.86-06-006 A.87-01-033 A.87-01-037 A.87-04-040
And Related Matters	

INTERIM ORDER

The purpose of this order is to set forth an agenda and procedural schedule to consider cost allocation and rate design policy issues for gas utilities. We want to make clear from the outset that our goal in this proceeding is to develop a ratemaking methodology which is based on long-run marginal costs. We are committed to implementing a program of long-run marginal cost based rates as quickly as is reasonably feasible and have therefore set up a rigorous schedule for consideration of the policy issues.

BACKGROUND

In D.86-12-009, we adopted embedded costs as a basis for allocating non-gas costs between the core and noncore classes. At that time, we thought that insufficient cost data existed for allocating costs based on long-run marginal costs. In that decision, however, we emphasized that "our use at this time of embedded cost for the core/noncore allocation must not be construed as a retreat from our theoretical preference for a method based on marginal costs." (D.86-12-009, at p. 20) We have repeatedly stressed our preference for using marginal costs as a basis for cost allocation and rate design once adequate evidence of these costs are obtained. In a discussion on transportation default rates in D.87-03-044 we noted that "by reducing default rates at this time to embedded cost, we do not intend to foreclose further consideration of using marginal cost as a basis for rate design. D.86-12-009 is very clear in describing the theoretical preference for a rate design based on marginal costs. We are still keenly interested in obtaining good estimates of demand elasticities and long-run marginal costs, and we will not hesitate to use any such estimates as a basis for setting default rates in the future." (p. 3.) In a later decision that same year, we stated that "we reiterate our desire ultimately to establish a range of rate flexibility based on the utilities' long-run and short-run marginal costs. None of the legal or policy arguments in this proceeding has shaken our preference for such a rate design. What prevents us from implementing such a system today is the lack of a reasonable method for calculating long-run marginal costs." (D.87-05-046 at p. 5.) This preference for marginal costs was further revealed in our granting of rate flexibility for gas services within the noncore class as an attempt to achieve some of the benefits of marginal cost-based rates. (D.86-12-009.)

To establish a record for using marginal costs as a basis for cost allocation and rate design, we ordered the utilities to perform studies estimating long-run marginal costs based on both the approach of utility resource planning and replacement costs. (D.86-12-009, as modified by D.87-03-044, ordering paragraph 22.) The utilities performed the long-run marginal cost studies over a period of two years and submitted them to the Commission on May 31, 1989. Interested parties, including the Division of Ratepayer Advocates, reviewed the studies and filed comments by August 31, 1989. Based on our review of these studies and the comments, we believe them to be a useful first step. They clearly need more work, however, and must be redone on a consistent methodology to be useful in setting rates for all the gas utilities.

On November 1, 1989, we began a mid-course evaluation of our natural gas program with an En Banc Hearing. This hearing was initiated in part to respond to complaints of unfair or inefficient cost allocation factors and rate design policies which we have received since we implemented the new program on May 1, 1988. Preceding that hearing, we asked all interested parties to submit written comments on, among other things, broad questions about our cost allocation and rate design policies. (Appendix A to this order contains the Notice of En Banc Hearing, the agenda, and the list of parties who submitted comments) The comments received reaffirmed our belief that we should move toward long-run marginal cost-based ratemaking for gas utilities. Many parties commented that, as a result of PU Code §739.6, we are unable to reflect any changes to the the current cost allocation in rates until January 1, 1991. Some also commented that we should finalize any changes we plan to make to industry structure before we consider cost allocation, so there will be no need to duplicate effort. As this order indicates, we agree with those who also noted that we should have a cost allocation program "on the shelf" and ready to implement as soon as we are able to do so. Further, we believe that it is possible to begin to calculate long-run marginal costs even without perfect information on industry structure. The rest of this order sets forth an agenda and the schedule by which we plan to proceed.

AGENDA

We plan to consider cost allocation and rate design issues in this investigation in three phases:

Phase 1: Determination of Long-Run Marginal Costs

Phase 2: Cost Allocation

Phase 3: Rate Design Policy Issues

Phase 1 will begin with a workshop to consider the various methodologies which can be used to estimate long-run marginal costs. This order directs the utilities and other interested parties to participate in this workshop which will be run by the Commission Advisory and Compliance Division. CACD will report to the Commission on the workshop. Following the workshop, the utilities and interested parties are directed to file comments with the Commission on the appropriate methodology. Based on the workshop report and comments received, the Commission will choose one methodology which will be used in the subsequent hearings to determine long-run marginal costs. Following a Commission decision on long-run marginal costs we will begin hearings in Phase 2 in which we will develop a long-run marginal cost allocation methodology. We realize that we will need to have made a decision on any structural changes to the gas industry before we begin Phase 2. We will issue a companion rulemaking shortly which will elaborate on our intentions on this issue, and commence a proceeding to ensure those decisions are made in a timely fashion so as to coordinate with this proceeding.

A number of cost allocation and rate design policy issues have come up in the ACAPs of the gas utilities in 1989. Among these are such issues as: allowing upward flexibility in default rates, reallocation of pipeline demand charges, calculation of rates to cogenerators, and revision of the ACAP procedure to set rates for 2 or 3 years rather than one. In most cases, we have declined to consider major changes to our adopted rate design policies. The Commission currently has a number of major gas proceedings scheduled for 1990. Many parties have complained that they lack the resources to participate effectively in all these proceedings. We therefore plan to continue the trend from 1989 and restrict this year's ACAPs to only routine, non-policy cost allocation and rate design issues. We will hold all rate design policy issues to Phase 3 of this investigation, after a decision on long-run marginal cost and cost allocation. Thus, the ACAPs to be heard in 1990 will proceed with exactly the same methodology as those in 1989. It is our goal to conclude Phase 1 and 2 by the end of 1990 so as to be able to implement a new rate design based on long run marginal cost allocation in the ACAPs to be filed in 1991. We attach as Appendix B a procedural schedule for Phase 1. In order to meet our goal of implementing a new rate design in 1991, we will adhere closely to this schedule, subject to such modifications as are deemed necessary by the assigned Commissioner and the ALJ.

INTERIM ORDER

IT IS ORDERED that:

1. The following utilities are designated as respondents to this order: Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas and Electric Company. The Executive Director shall serve a copy of this order on each respondent by certified mail and by regular mail on each party on the official service list in I.86-06-005.

2. The Commission Advisory and Compliance Division is directed to convene a workshop as soon as is reasonably possible to consider the methodologies which can be used to estimate long-run marginal costs. The respondents and all interested parties shall participate in this workshop.

3. Within 30 days of the workshop, CACD is directed to file a report on the workshop with the Commission as a compliance filing in this docket and serve the report on all workshop participants.

4. The respondents and interested parties are directed to file an original and twelve copies of their comments on the workshop with the Docket Office by that same date. Respondents and interested parties shall serve their comments on the respondents and all participants at the workshop.

5. This order is effective today.

Dated JAN 9 1990, at San Francisco, California

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

Commissioner Stanley W. Hulett, being necessarily absent, did not participate.

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

Wesley Franklin

WESLEY FRANKLIN, Acting Executive Director

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Appendix A

1. Notice of November 1, 1989 En Banc Hearing
2. Agenda and Questions for Panelists at En Banc Hearing
3. Written Comments Submitted for En Banc Hearing

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

NOTICE OF EN BANC HEARING

I. INTRODUCTION

The Commission believes it is time to conduct a mid-course evaluation of its natural gas program. The current regulatory framework, the product of a series of investigations and rulemakings beginning in 1984, has been in place since May 1, 1988. At that time, the gas transportation function was unbundled from the gas procurement function for noncore customers in California, allowing noncore customers to purchase gas from a variety of sources. The program has increased competition for the provision of natural gas to noncore customers and has given regulated natural gas utilities incentives to operate more efficiently. For core customers, the natural gas utility continues to procure and transport gas under traditional regulation.

Much progress has been made, but the program is still evolving and may require changes to make it better. Complaints have been raised which include: excessive market power of the regulated utilities in gas procurement for the noncore, unfair or inefficient cost allocation factors, and problems with nomination procedures for transporting natural gas.

Some of these problems will be solved in the near future as developments in the new gas program continue to be implemented. Outstanding issues in the gas procurement rulemaking (R.88-08-018) still exist. As part of that proceeding, hearings will be held during December 1989 and January 1990 to determine methods of allocating firm pipeline capacity. The Commission's gas storage banking program (I.87-03-036) will continue to be conducted as a pilot program for another year. As part of the "fine tuning" of the gas storage program, workshops are scheduled in October 1989. Finally, the Commission is conducting an ongoing investigation to determine the need for new pipeline capacity to California. Proposals for new capacity are currently under consideration and further hearings are scheduled for October 1989.

Much of California's gas program also hinges on the actions of the Federal Energy Regulatory Commission (FERC). The FERC's decisions allowing customer-owned transportation and open-access pipelines paved the way for the new industry structure in California. Until the FERC approves a method for allocating firm pipeline capacity at the interstate level, however, California noncore gas customers will not have a satisfactory method of obtaining desired levels of transportation reliability.

The Commission is committed to implementing the essential structure of the new gas program. Rather than wait for the conclusion of these existing proceedings, however, the Commission would like to respond to the suggestions and criticisms that have been made by beginning an evaluation process. Such an evaluation has the benefit of giving the Commission a comprehensive overview of the existing program and the market outside the framework of existing formal proceedings.

The Commission will begin its mid-course evaluation with an *en banc* hearing beginning at 9:30 a.m. on November 1, 1989, to be held in the Commission Auditorium, 505 Van Ness Avenue, San Francisco, CA 94102. The *en banc* will focus on noncore procurement and transmission issues. Specifically, the Commission is most interested in hearing about problems and proposed solutions relating to regulated utility involvement in noncore procurement, current cost allocation and rate design, system reliability, and capacity allocation.

The Commission wishes to hear the broadest possible spectrum of opinion at its *en banc*. We seek written comments from all interested parties on the issues outlined in this Notice. These comments will help us to ensure that the speakers at the *en banc* accurately reflect the full range of interests and opinions on noncore gas procurement and transmission issues. Later in this Notice, we raise specific questions and list the procedures for filing comments.

Following this, the Commission may convene workshops to further consider solutions to problems which were identified at the *en banc*. If workshops are scheduled, they will take place in early 1990 allow for completion of already-scheduled hearings and workshops in the procurement, storage, and pipeline capacity proceedings.

II. THE CURRENT GAS PROGRAM

The current gas program is the result of over five years of rulemakings, investigations, and decisions. Appendix A summarizes the major proceedings that led to the current regulatory framework.

The regulatory framework for natural gas in California separates customers according to their demand characteristics and alternative fuel capability. Core customers have no alternative fuel capability. They continue to receive traditional, bundled gas service from the utility. Noncore customers have actual or potential alternative fuel capability or are sophisticated enough to arrange for their gas supply. For these customers, the transportation function has been unbundled from the procurement function.

Although the transmission services have been unbundled from the procurement services for noncore customers, regulated gas utilities retain their monopoly status in gas transmission. Most noncore transportation tariffs are made up of four components: (1) a customer charge, (2) a demand charge that is based on average annual usage, (3) a demand charge that is based on peak usage, and (4) a variable transportation rate. To enable the utility to compete against alternative fuels, the utility is allowed to discount transportation rates to noncore customers as necessary to keep large customers on utility systems. Thus, tariffed transporation rates are effectively ceiling rates for noncore customers who are unable to negotiate a better deal with the utility.

To give gas utilities the incentive to keep load factors high, the Commission's transmission rate design allocates part of the utility earnings to the variable transportation rate. Utilities are at risk for recovery of fixed costs allocated to the noncore, although this risk has been partially mitigated by the negotiated revenue stability account (NRSA).

Using the gas transmission services of the regulated utility, noncore customers can buy gas directly from a producer, a natural gas broker, or one of the Commission-approved gas portfolios offered by the regulated gas utility. The utility is allowed to offer gas from one of two gas portfolios designed exclusively for the noncore: a spot gas portfolio and a 30-day firm gas portfolio. The 30-day firm portfolio was authorized in D.89-04-080, but currently no utility is offering gas from such a portfolio. The utility is also allowed to offer core portfolio gas to noncore customers who "elect" to receive this gas for a period of one year or more. Noncore customers are allowed to elect core portfolio procurement service only when the core portfolio price is higher than the current noncore portfolio price. Utilities may not target gas supplies to particular noncore customers, nor can they offer any other type of noncore portfolio.

III. ISSUES FOR THE EN BANC HEARING

The Commission requests written comments on the following set of specific questions. These questions are meant to elicit responses in areas of particular interest to the Commission. The Commission wishes to hear the broadest spectrum of opinion on noncore procurement and transmission issues. Parties are welcome to include information in other areas if necessary to support their opinions in these two areas.

A. NONCORE PROCUREMENT

1) What are the problems and benefits associated with continued regulated utility procurement for noncore customers? What facts, particularly from the first one and one-half years of the new gas program, support your answer?

   a) If there are significant problems, are there solutions short of removing regulated utilities from noncore procurement? (e.g. implementing a capacity brokering program)

   b) What would be the best procedural course (OII, rulemaking, workshops, etc.) for the Commission to consider further the role of utilities in noncore procurement?

2) Assume that the Commission decides to adopt a policy which prohibits regulated utilities from procuring gas for noncore customers. What would your proposal be? In your answer, please comment specifically on:

a) What should be done with the core-elect procurement option?

b) Should utilities be allowed to participate in noncore procurement through unregulated affiliates? If so, should they be allowed to contract with the parent (regulated) utility?

c) If the Commission allowed utilities to set up unregulated affiliates, what safeguards against cross-subsidization between parent and affiliate would be necessary?

d) If the Commission allowed utilities to set up unregulated gas procurement affiliates, how should the combined electric and gas utilities arrange for gas supply for their utility electric generation (UEG) load?

e) How would such a proposal interact with current gas issues under consideration by the Commission:

1) Capacity brokering, both intra- and interstate;
2) Storage;
3) Additional pipelines; and
4) Other procurement issues

f) How will this policy benefit noncore customers? What will be its effect on the commodity price? Is there a danger that a few gas procurers could dominate the market, thus lessening competition? What effect, if any, will this policy have on gas-on-gas and oil-on-gas competition? What facts support your answer?

g) How would the Commission maintain current levels of supply reliability and price stability for core customers? Is there a danger that more supply or price risk would be placed on the core portfolio? What facts support your answer?

B. NONCORE TRANSMISSION

1) System Reliability

a) Which problems with the current gas program can be attributed to a lack of capacity?

b) Do current curtailment policies need reform? Be specific and briefly document you response.

c) Has the pilot storage banking program been successful? By what criteria? What changes, if any, does it need to make it a permanent service to the noncore?

d) Will a capacity brokering program help to solve current problems?

2) Cost Allocation and Rate Design

a) Are existing Commission cost allocation and rate design policies seriously inequitable or inefficient?

b) Should the Commission develop a long-run marginal cost allocation or improve the existing embedded-cost allocation when considering reform of cost allocation policies?

c) Has the Commission gained enough experience with the new gas program to consider changing the noncore rate design? If so, what changes should be made? What would be the likely impact of these changes on core customers?

IV. PROCEDURE FOR FILING COMMENTS

Parties responding to the issues raised in this Notice should file 25 copies of their comments with the Strategic Planning Division, c/o Jody Pocta, 505 Van Ness Avenue, San Francisco, California 94102. Comments must be received no later than October 23, 1989 and should be no longer than 40 pages. Documentation to support claims made within the page limit may be filed as appendices attached to the comments. Filed comments should include a summary of no more than three pages. Commenters should also mail copies of their comments to all parties in R.88-08-018 and I.88-12-027 (service list attached as Appendix B) and to any other party requesting such information.

The *en banc* hearing will be conducted in a panel debate format. The panel topics will be similar to those presented above for written comment. Parties invited to speak at the *en banc* will be notified.

/s/ WESLEY FRANKLIN
Acting Executive Director

September 22, 1989
San Francisco, California

APPENDIX A

THE CPUC'S REGULATORY FRAMEWORK FOR NATURAL GAS: SUMMARY OF MAJOR INVESTIGATIONS, RULEMAKINGS, AND DECISIONS[1]

I.84-04-079 "Investigation of the Owens-Illinois gas transportation complaint"

D.85-12-102 The Commission adopts a long-term gas transportation program.

D.86-03-057 The Commission orders short-term gas transportation tariffs and outlines new rate design and regulatory structure.

R.86-06-006 "Proposed refinements for new regulatory framework for gas utilities"

I.86-06-005 "Implementing a rate design for unbundled gas utility services consistent with policies adopted in D.86-03-057"

These concurrent proceedings developed details of the new regulatory framework for natural gas.

D.86-12-009 In this decision, the Commission adopted rate design principles for the new gas industry structure including the unbundling of noncore rates. The decision suspends non-EOR, long-term transportation tariffs.

D.86-12-010 In this decision, the Commission adopted the new rules for the regulatory and industry structure for natural gas in California. Formalized the transmission/procurement framework for the natural gas industry in California. Defined large and alternative fuel customers as "noncore" and set principles for future unbundled service. Adopted core and noncore procurement guidelines. Adopted the stipulation endorsing the negotiated revenue stability account (NRSA, a temporary risk-sharing mechanism for utility earnings in noncore

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1 Abbreviations:

OII or I.- Order Instituting Investigation
OIR or R.- Order Instituting Rulemaking
D.- Decision

transmission) and the Annual Cost Allocation Proceeding (ACAP).

D.86-12-009 and D.86-12-010 were modified in part by D.87-02-029, D.87-03-044, D.87-05-046, D.87-07-044, D.88-03-085, and D.89-07-017. Specifically, D.87-03-044 retained embedded cost-based rates during initial years of the gas program and ordered long-run marginal cost studies. Also, D.86-12-010 was modified by D.89-07-017 in regard to certain cost-of-gas accounting procedures.

D.87-12-039 The Commission adopted rates based on the rate design principles and industry structure set forth in D.86-12-009 and D.86-12-010 for implementation on May 1, 1988. Decision adopted necessary parameters for implementation such as cost of gas and throughput forecasts. Among other things, this decision addressed transition costs. D.87-12-039 was modified in part by D.88-03-041, D.88-03-085, and D.89-07-017.

I.87-03-036 "Procurement and System Reliability issues deferred from D.86-12-010"

Issues considered in this OII include consideration of PG&E's commodity pricing flexibility proposal, the Tussing/Barlow proposal, underground storage proposals, firm interstate pipeline capacity access, and multiple noncore gas portfolios offered by utilities. Also in this investigation, the Commission set out to review core procurement guidelines.

In addition to issues identified in D.86-12-010, further issues were deferred from D.87-12-039 and added to this investigation. These issues included brokerage fees and priority charges.

D.88-11-034 After hearings on various storage banking proposals, the Commission authorized a pilot storage banking program. The decision also provides the principles and policy for a permanent gas storage banking program.

R.88-08-018 "Natural gas procurement and system reliability issues"

This rulemaking, when opened, was immediately consolidated with I.87-03-036. The OIR addressed the outstanding issues from the procurement OII. In the rulemaking order, the Commission found, among other things, that the Tussing/Barlow proposal was premature at that time.

D.88-12-099	First decision from the procurement rulemaking. In it the Commission supported the concept of market-based utility pipeline allocation proposals and ordered utilities to file detailed proposals. The Commission retained the core-elect option. EOR steamflood customers were assigned End-Use Priority 5.
D.89-03-014	Commission adopts policies regarding brokerage fees for utility procurement services.
D.89-04-080	Commission addresses core procurement and marketing policies. Detailed core sequencing guidelines were not adopted. A policy of optional Commission approval of long-term gas supply contracts was set. The Commission ordered that the portfolio price for core-elect customers was to be updated monthly. A new 30-day firm noncore gas portfolio was authorized. The Commission also set the scope of noncore procurement reasonableness reviews.

I.88-12-027 "Interstate natural gas pipeline supply and capacity available to California"

D.89-02-071	Commission directs utilities to continue negotiations for capacity assignments and new capacity. Indicated that a higher level of utility service is appropriate.

APPENDIX B

SERVICE LIST FOR COMMENTS

Patrick McDonnell/Leslie Little
AGLAND ENERGY SERVICES, INC.
900 Larkspur Landing Circle
Suite 240
Larkspur, CA 94939

Davic T. Holsby
R. W. BECK & ASSOCIATES
2121 Fourth Avenue
Seattle, WA 98121

John W. Jimison
BRADY & BERLINER
1229 19th Street, N.W.
Washington, DC 20036

Natalie Walsh
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
Sacramento, CA 95814

Julie Simon, Atty. at Law
COGENERATORS OF SOUTHERN CALIFORNIA
1225 19th St., N.W., No. 200

William B. Marcus
JBS ENERGY
311 "D" Street, Suite A
West Sacramento, CA 95606

Martin E. Drumm
M. E. TECHNICAL SERVICES
1562 N. Hollister
Pasadena, CA 91104

Keith McNair, V. President
MOCK RESOURCES, INC.
4 Executive Circle, Ste. 200
Irvine, CA 92714

Andy Edling/Thomas Deal, Attys.
ORYX ENERGY CO.
P. O. Box 2880
Dallas, TX 75221-2880

Patrick B. Lorio
ORYX ENERGY CO.
P. O. Box 2880
Dallas, TX 75221-2880

Dian M. Grueneich
LAW OFFICES OF DIAN M. GRUENEIC
380 Hayes Street, Suite 4
San Francisco, CA 94102

Kevin Woodruff
HENWOOD ENERGY
2555 Third Street, Suite 110
Sacramento, CA 95818

Robert J. Hohne
7200 S. Greenleaf Street
Whittier, CA 90602

William M. Booth
JACKSON, TUFTS, COLE & BLACK
650 California Street
San Francisco, CA 94108

Ed Perez, Asst. City Atty.
CITY OF LOS ANGELES
200 North Main Street
City Hall, East Room 1800
Los Angeles, CA 90012

Richard M. Blumberg
MERIDIAN OIL, INC.
P. O. Box 4239
Houston, TX 77210

Ken Randolph
NATURAL GAS CLEARINGHOUSE
13430 Northwest Freeway
Houston, TX 77040

Billy Gonzales
PANHANDLE EASTERN
5400 Westheimer Court
Houston, TX 77056

Gary S. Fiske
QET, INC.
1623 Fifth St., Ste. C
Davis, CA 95616

William S. Shaffran
CITY OF SAN DIEGO
Office of the City Attorney
525 B Street, Suite 2100
San Diego, CA 92101

Victor Scocci
SIMPSON PAPER COMPANY
One Post Street, Suite 3100
San Francisco, CA 94104

L. P. Lorenze/Glen Sullivan/
Mark Minich/Jeffrey Jackson, Esqs.
SOUTHERN CALIFORNIA GAS CO.
810 S. Flower Street
Los Angeles, CA 90017

Tony O. Hemming, Atty.
TEXACO, INC.
10 Universal City Plaza
Universal City, CA 91608

David A. Minor
UNOCAL
461 S. Boylston
Los Angeles, CA 90017

Erik L. Ludtke
ENRON GAS MARKETING, INC.
300 Oceangate Dr., Ste. 910
Long Beach, CA 90802

Robert M. Keith
ALBERTA PETROLEUM MARKETING
COMMISSION
1900, 250 Sixth Avenue, S.W.
Calgary, Alberta, CANADA T2P 3H7

James D. Squeri, Atty
ARMOUR, ST. JOHN, WILCOX,
GOODIN & SCHLOTZ
505 Sansome St., Ste. 900
San Francisco, CA 94111

Nancy Thompson
BARAKAT, HOWARD & CHAMBERLIN
180 Grand Avenue, #1090
Oakland, CA 94612

Patrick Power
CITIES OF LONG BEACH & PALO ALT
2101 Webster Street, Suite 1700
Oakland, CA 94612

Judy Anderson/Barton M. Myerson
SAN DIEGO GAS & ELECTRIC CO.
P. O. Box 1831
San Diego, CA 92112

Frank Cooley/Florence Pinigis
SOUTHERN CALIFORNIA EDISON CO.
2244 Walnut Grove Ave.
Rosemead, CA 91770

Malcolm H. Mossman
TEHACHAPI-CUMMINGS WATER DISTRI
2901 "H" Street, #3
Bakersfield, CA 93301

Michael Shames
U.C.A.N.
4901 Morena Blvd., Suite 128
San Diego, CA 92117

William R. Peitzke
WILLIAM RESOURCE CO.
13380 Inwood Drive
Sherman Oaks, CA 91423

Martin Whicher, Research Analys
MINISTRY OF ENERGY
56 Wellesley St. West, 11th Fl.
Toronto, Ontario
CANADA M7A2B7

Robert G. Leo, Atty. at Law
AMOCO PRODUCTION COMPANY
P. O. Box 800
Denver, CO 80201

Michael B. Waller, Atty. at Law
ARENT, FOX, KINTNER, PLOTKIN
& KAHN
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5339

Barbara Barkovich
BARKOVICH AND YAP
31 Eucalyptus Lane
San Rafael, CA 94901

Del Borggard
BONUS GAS PROCESSORS
900 Calgary House
550 - 6th Avenue S. W.
Calgary, Alberta, CANADA T2P OSI

Matthew V. Brady, Atty. at Law
LAW OFFICES OF MATTHEW V. BRADY
1314 "H" Street, Suite 200
Sacramento, CA 95814

Gordon E. Davis, Atty.
BROBECK, PHLEGER & HARRISON
Spear Street Tower, 31st Floor
One Market Plaza
San Francisco, CA 94105

Steven M. Cohn, Atty.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
Sacramento, CA 95814

Paul M. Premo
CHEVRON, U.S.A.
1301 McKinney, Room 2468
Houston, TX 77010

John D. Quinley
COGENERATION SERVICE BUREAU
1415 Dawes Street
Novato, CA 94947

Thomas Beach
CROSSBORDER SERVICES
1958 University Avenue
Berkeley, CA 94704

Philip A. Stohr, Atty
DOWNEY, BRAND, SEYMOUR & ROHWER
555 Capitol Mall, 10th Fl.
Sacramento, CA 95814

Terry Cameron
FOOTHILLS PIPE LINES, LTD.
3100 707 - 8th Avenue, S.W.
Calgary, Alberta CANADA T2P 3W8

Martin A. Mattes, Atty.
GRAHAM & JAMES
One Maritime Plaza, Ste. 300
San Francisco, CA 94111

James L. Hinkle
President
HBB, INC.
P. O. Box 98
Taft, CA 93268

Brian J. Hodgins
BRITISH COLUMBIA PETROLEUM CORPORATION
1199 W. Hastings St.
Vancouver, B.C. CANADA V63 3T5

Ronald V. Stassi
CITY OF BURBANK
P. O. Box 631
Burbank, CA 91503

Adrian J. Hudson
CALIFORNIA GAS PRODUCERS ASSN.
480 Summit Springs Road
Woodside, CA 94062

C. Hayden Ames, Atty
CHICKERING & GREGORY
Two Embarcadero Ctr., Ste. 740
San Francisco, CA 94111

Bruce Connell, Atty.
CONOCO, INC.
600 N. Dairy Ashford
Houston, TX 77252

Timothy J. Jacquet, Counsel
EXXON CORPORATION
P.O. Box 2180
Houston, TX 77252-2180

Randolph L. Wu, Atty.
EL PASO NATURAL GAS CO.
50 California St., Ste. 1250
San Francisco, CA 94111

W. E. Cameron
CITY OF GLENDALE
119 N. Glendale Ave., 6th Fl.
Glendale, CA 91206-4496

Leamon W. Murphy
IMPERIAL IRRIGATION DISTRICT
P.O. Box 937
Imperial, CA 92251

Norman A. Pedersen, Atty.
JONES, DAY, REAVIS & POGUE
1450 G Street, N.W.
Washington, DC 20005

Michael Alcantar, Atty.
LINDSAY, HART, NEIL & WEIGLER
222 S. W. Columbia, Suite 1800
Portland, OR 97201

Preston A. Mike, Dep. City Atty.
CITY OF LOS ANGELES
1800 City Hall East
200 North Main Street
Los Angeles, CA 90012

John W. Leslie, Atty.
LUCE, FORWARD, HAMILTON & SCRIPPS
110 West A Street
San Diego, CA 92101

Mr. S. Orlofsky, President
 - Intercon Gas, Inc.
MEXUS INTERSTATE PIPELINE CO.
1300 Post Oak Blvd., Ste. 540
Houston, TX 77056

Robert B. Weisenmiller
MORSE, RICHARD, WEISENMILLER
 AND ASSOCIATES
1939 Harrison St., Ste. 301
Oakland, CA 94612

Michael D. Ferguson
EL PASO NATURAL GAS COMPANY
P.O. Box 1492
El Paso, TX 79978

Geoffrey S. Yarema, Atty at Law
NOSSAMAN, GUTHNER, KNOX & ELLIOT
445 South Figueroa, 31st Floor
Los Angeles, CA 90071

Roger Peters/Jack F. Fallin. Jr.
PACIFIC GAS & ELECTRIC CO.
77 Beale St.
San Francisco, CA 94106

David J. Schultz
PACIFIC TRANSMISSION COMPANY
160 Spear Street
San Francisco, CA 94105-1570

Karen Edson
KKE & ASSOCIATES
3154 17th Street
Sacramento, CA 95818

Paul J. Kaufman/Julie Simon, At
LINDSAY, HART, NEIL & WEIGLER
345 California St., Suite 2200
San Francisco, CA 94104

Robert L. Pettinato
LOS ANGELES DEPT. OF WATER & PO
111 North Hope St., Rm. 1164
Los Angeles, CA 90012

John H. Burnes, Atty. at Law
MCHENRY & STAFFIER, P.C.
1300 - 19th Street, Suite 408
Washington, DC 20036

John B. Price
MOBIL NATURAL GAS, INC
12450 Greenspoint Drive
Houston, TX 77060

J.R. Bloom/Dhruv Khanna/James T
MORRISON & FOERSTER
345 California Street
San Francisco, CA 94104

David Plumb
CITY OF PASADENA
150 South Los Robles Ave.
Pasadena, CA 91101

Thomas J. O'Rourke
O'ROURKE & COMPANY
44 Montgomery Street, #2100
San Francisco, CA 94104

R. M. Loch, Atty.
PACIFIC INTERSTATE TRANSMISSION
801 S. Grand Ave., M.L. 810L
Los Angeles, CA 90017

Philip de Virgilio
PSE, INC.
5001 East Commercenter Drive
Bakersfield, CA 93309

Ann Gilbert, Atty.
PSI, INC.
1044 N. 115th St., Ste. 400
Omaha, NB 68154

Donald W. Schoenbeck
RCS, INC.
825 N. E. Multnomah, Ste. 1060
Portland, OR 97232

Ronald H. Merrett, Director
NATURAL GAS PROGRAMS
STATE OF MEXICO, ENERGY, MINERLALS AND NATURAL RESOURCES CEPT.
310 Old Santa Fe Trail
Santa Fe, NM 87504

Leslie J. Girard, Atty.
CITY OF SAN DIEGO
525 B Street, Ste. 2100
San Diego, CA 91010

Larry Watkins
SCAQMD
9150 East Flair
El Monte, CA 91731

Douglas Nordlinger
SKADDEN, ARPS, SLATE, MEAGHER & FLORN
1440 New York Ave., N. W.
Washington, DC 20005

Paul Wuebber
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
9150 Flair Drive
El Monte, CA 91731

R. M. Rawlings
SOUTHERN CALIFORNIA GAS CO.
810 South Flower St.
Los Angeles, CA 90017

William W. Wade
SPECTRUM ECONOMICS, INC.
120 Montgomery St., Ste 1776
San Francisco, CA 94104

Mark A. Meier, Atty.
STATE LANDS COMMISSION
1807 13th Street
Sacramento, CA 95814

Patrick J. Joyce, Atty.
PUBLIC SERVICE COMMISSION OF NE
Capitol Complex, 727 Fairview D
Carson City, NV 89710

Edward A. Cecil
R. W. BECK & ASSOCIATES
1125 Seventeenth Street
Denver, CO 80202-2615

Andrew Safir
RECON RESEARCH CORPORATION
6380 Wilshire Blvd., Ste. 1604
Los Angeles, CA 90048

David R. Clark, Atty.
SAN DIEGO GAS & ELECTRIC CO.
P.O. Box 1831
San Diego, CA 92112

Bill Wood
SHELL WESTERN E AND P, INC.
P.O. Box 2463
Houston, TX 77052

Andrew Skaff, Atty
SKAFF & ANDERSON
601 California St.
San Francisco, CA 94108

Robert S. Robinson/Carol Hennin
SOUTHERN CALIFORNIA EDISON CO.
2244 Walnut Grove Avenue
Rosemead, CA 91770

David R. Green, V.P.
M.H. WHITTIER CORPORATION
801 Kern Street
Taft, CA 93268

Keith R. McCrea, Atty
SQUIRE, SANDERS & DEMPSEY
P.O. Box 407
Washington, DC 20044

John Beall, Atty.
TEXACO, INC.
1111 Rusk St.
Houston, TX 77002

Steven M. Harris
TRANSWESTERN PIPELINE
101 California St., Ste. 2210
San Francisco, CA 94111

P. Wayne Soper
WESTCOAST ENERGY INC.
1333 W. Georgia Street
Vancouver, B.C. CANADA V6E 3K9

Daniel F. Collins, Atty.
WYOMING-CALIFORNIA PIPELINE CO.
2000 M St., N.W., Ste. 300
Washington, DC 20036

Harry K. Winters
UNIVERSITY OF CALIFORNIA
300 Lakeside Drive, 21st Floor
Oakland, CA 94612-3350

Margaret M. McCrory
ERRA ASSOCIATES
535 Middlefield Rd., Ste. 140
Menlo Park, CA 94025

Kevin Woodruff
HENWOOD ENERGY SERVICES, INC.
2555 3rd St., Suite 110
Sacramento, CA 95818

Henry F. Lippitt, II
626 Wilshire Blvd., Ste. 319
Los Angeles, CA 90017-3280

Following is a list of names for the
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

James A. Boothe	4-B
Robert C. Cagen	5031
Richard E. Dobson	4-B
John Dutcher	3102
Mahendra Jhala	4205
ALJ Kim Malcolm	5115
Kathleen Maloney	5024
Jeff O'Donnell	3102
Robert M. Pocta	4-B

Michel P. Florio, Atty.
TURN
625 Polk St., Ste. 403
San Francisco, CA 94102

Harold Talisman, Atty.
WRIGHT & TALISMAN
1050 17th Street, N.W.
Washington, DC 20036

General Counsel
PUBLIC SERVICE COMMISSION OF NE
727 Fairview Drive
Carson City, NV 89710

Michelle Cooke
POMONA COLLEGE
Walker Box Clark V, S21
700 N. College Way
Claremont, CA 91711

Kim Joslin
ESSO RESOURCES CANADA LIMITED
237 - 4th Ave., S.W., Room 531
Calgary, Alberta
CANADA T2P 0H6

W. W. Silk
UNOCAL CANADA LIMITED
P.O. Box 999
Calgary, Alberta
CANADA, T2P 2K6

California Public Utilities Commission
Natural Gas Program En Banc Hearing
November 1, 1989

AGENDA

9:30-9:45	Introduction and comments by Commissioners		
9:45-10:30	Paul Clanon and Mike Day, CPUC Where is the gas program today? Summary of Comments received		
10:30-10:45	Break		
10:45-12:15	Panel A:	Removal of Regulated Utilities from Noncore Procurement	
	Panel Members:		Arlon Tussing, 5 Producers Roger Berliner, Canadian Producer Group Keith McNair, Mock Resources Southern California Gas Company Pacific Gas and Electric Company
12:15-1:15	Lunch		
1:15-2:15	Panel B:	Implementation and Alternatives	
	Panel Members:		Norman Pederson, So. Calif. Utilities Power Pool/Imperial Irrigation District Keith McCrea, Calif. Industrial Group/Calif. League of Food Processors Erik Jacobson & Mark Pocta, CPUC Division of Ratepayer Advocates San Diego Gas and Electric Company
2:15-2:30	Break		

2:30-3:30	Panel C: Cost Allocation and Rate Design	
	Panel Members:	Mike Florio, Towards Utility Rate Normalization Kenneth Baskin, Southern California Edison Company Terry Murray, CPUC Division of Ratepayer Advocates Southern California Gas Company Pacific Gas and Electric Company
3:30-4:45	5 Minute presentations	
4:45-5:00	Commissioner closing comments	

California Public Utilities Commission
Natural Gas Program En Banc Hearing
November 1, 1989

PARTIES SCHEDULED FOR 5-MINUTE PRESENTATIONS

Manuel Alvarez, California Energy Commission

Matt Brady, California Department of General Services

Ron Merritt, State of New Mexico

Ken Randolph, Natural Gas Clearinghouse

Steven Boss, Sunrise Energy Co.

Christopher Foster, Trigen Resources Co.

Pat Power; Long Beach, Bonus, SPURR

Andrew Safir, City of Palo Alto

Steve Harris, Transwestern Pipeline

Indicated Producers

California Public Utilities Commission
Natural Gas Program En Banc Hearing
November 1, 1989

INFORMATION FOR PANELISTS

Format: Each panel will begin with 5 minute opening statements by the panel members. The panelists are asked to address the appropriate questions below. The remainder of the panel time will be for discussion among the panelists and questions by the Commissioners.

Panel A: Removal of Regulated Utilities from Noncore Procurement

1. Why should the Commission consider any proposal of this type?

2. If the Commission adopts such a policy in general, what would your specific proposal be?

3. How will Core-elect fit into your proposal?

Panel B: Implementation and Alternatives

1. If the Commission adopts a policy to remove utilities from noncore procurement, how do you recommend addressing some of the implementation issues?

   Such as:

   o Affiliate transactions

   o System reliability

   o Standby service

2. If you don't think this kind of proposal is necessary, what other solutions are appropriate?

   For instance:

   o Capacity Brokering

   o New pipelines

   o The existing program with minor adjustments

Panel C: Cost Allocation and Rate Design

1. Is the Commission's existing natural gas cost allocation methodology seriously inequitable or inefficient?

2. Should the Commission change its cost allocation methodology or noncore rate design? What will be the effect of your recommendation on the various customer classes?

3. What should be the role of long run marginal cost in the Commission's natural gas cost allocation and rate design policies?

Written Comments Submitted for November 1, 1989 En Banc Hearing

1. Bonus Gas Processors (Bonus)
2. School Project for Utility Rate Reduction (SPURR)
3. City of Long Beach
4. California Industrial Group and California League of Food Processors
5. El Paso Natural Gas Company
6. Trigen Resources Corporation
7. Cogenerators of Southern California
8. San Diego Gas & Electric Company
9. Oryx Energy Company
10. GasMark Incorporated
11. California Gas Producers Association
12. Salmon Resources Limited and Mock Resources Incorporated
13. City of Palo Alto
14. Southern California Utility Power Pool and Imperial Irrigation District
15. Toward Utility Rate Normalization (TURN)
16. Sunrise Energy Company
17. Indicated Producers Group
18. Canadian Producer Group
19. Natural Gas Clearinghouse
20. Alberta Petroleum Marketing Commission
21. California Energy Commission
22. University of California
23. Amoco Production Company
24. State of New Mexico
25. Poco Petroleums Limited
26. Division of Ratepayer Advocates, CPUC

27. Shell Western Exploration and Production Incorporated and Shell Oil Company
28. ARTA Incorporated
29. Southern California Edison Company
30. Pacific Gas & Electric Company
31. Southern California Gas Company
32. Transwestern Pipeline Company
33. Carlton Forge Works
34. Energy Factors
35. California Department of General Services

APPENDIX B

PROPOSED SCHEDULE FOR PHASE 1 OF OII
Determination of Long Run Marginal Costs

Workshop on Methodology	Feb 6-9
Comments of parties and CACD report on workshops due	March 9
Decision of Commission on adopted methodology	March 28 or April 11
Testimony mailed	May 15
Hearings on LRMC	May 29 - June 16
Final briefs due	July 14
Publication of proposed decision	August 15
Commission Decision on Phase 1	Sept 19

All dates are approximate and subject to modification by the Assigned Commissioner or the ALJ. This proposed schedule is included to provide all parties with notice of the likely procedural schedule so that they can adequately plan to participate.