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Decision 91-07-055 July 24, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
California Cogeneration Council for)
modification of Res. G-2738 re the)
cogeneration gas allowance.)

Application 90-09-059
(Filed September 25, 1990)

ORIGINAL

OPINION

The California Cogeneration Council (CCC) filed this application seeking modification of Resolution G-2738 in which the Commission approved tariffs filed by Pacific Gas and Electric Company (PG&E). Resolution G-2738 approved PG&E's calculation of the cogeneration gas allowance using the incremental energy rate (IER). CCC asks the Commission to order PG&E to modify its calculation of the cogeneration gas allowance by employing an incremental heat rate (IHR) instead of an IER.

Decision (D.) 90-09-043 determined that California law requires the use of an IHR rather than an IER in setting the cogeneration gas allowance. Although the decision did not specifically address PG&E's calculation of the cogeneration gas allowance, the Commission must apply the law to all gas utilities, according to CCC.

PG&E filed a response arguing that CCC's application should be rejected on the basis that recalculating the cogeneration gas allowance would affect cogeneration gas throughput. This change in throughput, according to PG&E, would affect cost allocation.

We concur with CCC that the legal interpretations in D.90-09-043 would apply to PG&E. We recognize that changing the methodology for PG&E's cogeneration gas allowance may be a complex task, especially if the change is undertaken outside of a cost allocation proceeding. However, a decision in PG&E's next cost

allocation proceeding is not anticipated until mid-1992. We could not delay implementation of a methodology which is required by law for another year. Therefore, PG&E should be required to file an advice letter which sets the cogeneration gas allowance by applying the IHR rather than the IER. We will grant CCC's petition to modify Resolution G-2738.

Finding of Fact

PG&E's next cost allocation decision is not anticipated until mid-1992. Deferring until that time calculation of the cogeneration gas allowance using an IHR would create an unacceptable delay in implementing the provisions of Section 454.4.

Conclusions of Law

1. Section 454.4 requires utilities to use an incremental heat rate in calculating the cogeneration gas allowance, as established in D.90-09-043.

2. CCC's petition to modify Resolution G-2738 should be granted as set forth in this decision.

ORDER

IT IS ORDERED that:

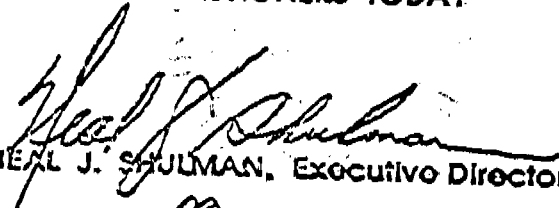
1. The petition to modify Resolution G-2738 filed by the California Cogeneration Council is granted as set forth herein.

2. Pacific Gas and Electric Company shall file, within 30 days of the effective date of this resolution, an advice letter which establishes the cogeneration gas allowance using an incremental heat rate.

3. This proceeding is closed.
This order becomes effective 30 days from today.
Dated July 24, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

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


NEIL J. SHULMAN, Executive Director
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