

OCT. 22 1992

Decision 92-10-046 October 21, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to change the structure of gas utilities' procurement practices and to propose refinements to the regulatory framework for gas utilities.

(U 904 G)

ORIGINAL

R.90-02-008

(Filed February 7, 1990)

OPINION

The School Project for Utility Rate Reductions (SPURR) filed a petition to modify Decision (D.) 90-09-089 and Resolution G-2967 on June 16, 1992. This decision denies the petition.

SPURR's Petition to Modify D.90-09-089

In its petition, SPURR states that Pacific Gas and Electric Company (PG&E) is transporting gas purchased for its utility electric generation (UEG) facilities using firm capacity over the Pacific Gas Transmission (PGT) pipeline which was set aside in D.90-09-089 for use by core aggregators. Resolution G-2967 directed PG&E to convert 30 million cubic feet per day (Mmcf/d) of capacity on the PGT pipeline from sales service to transportation service for use by core aggregators.

SPURR does not object to the use of the capacity by PG&E, considering actions by the Canadian government which appear to preclude access by core aggregators. SPURR argues, however, that the Commission should order PG&E's UEG to pay the \$0.12 per decatherm surcharge currently paid by other firm service customers. SPURR proposes that the proceeds from this UEG surcharge be redistributed among core aggregators.

Response of California Gas Marketers Group

California Gas Marketers Group (CGMG) supports SPURR's petition, arguing that PG&E's UEG gas purchasing unit, which is an

interruptible customer, should not have access to firm PGT capacity unless it pays the surcharge applied to firm customers. CGMG also proposes to apply the proceeds of the surcharge against core aggregation customers' rates to compensate these customers for the access to firm capacity that they have been denied.

Response of PG&E

PG&E objects to SPURR's petition. It states that it is not using "SL-2" firm service for the subject volumes and is therefore not required to pay the \$0.12 surcharge. It refers to SL-2 service as intrastate service, as distinct from interstate service over the PGT pipeline.

PG&E also argues that the Commission in Resolution G-2967 did not order PG&E to convert 30 Mmcf/d of its sales entitlements on the PGT pipeline to firm transportation capacity on behalf of core aggregators, as SPURR suggests. According to PG&E, Resolution G-2967 requires PG&E to convert its firm sale rights to firm transportation rights in order to provide core aggregators access to Canadian supplies. Accordingly, PG&E states core aggregators have no proprietary rights to the capacity and cannot claim any financial gain associated with the use of that capacity by others.

Discussion

SPURR's request that core aggregators receive \$0.12 for each decatherm of gas moved over the PGT pipeline by PG&E's UEG purchases has no merit. D.90-09-089 and Resolution G-2967 directed PG&E to set aside PGT pipeline capacity for core aggregators' use on the basis that we wished to improve customer access to Canadian supplies. Core aggregators have no entitlement to that capacity if they cannot use it for reasons beyond the control of the utility or the Commission. Nothing in our decisions suggests that the \$0.12 per decatherm surcharge applied to SL-2 service would accrue to core aggregators in the event capacity was not available to them. Nor does SPURR make any logical argument for receiving such a windfall. SPURR's petition is frivolous and we will deny the

petition. We also remind PG&E that it shall make firm PGT pipeline capacity available to core aggregators at the first opportunity, pursuant to D.90-09-089 and Resolution G-2967.

We recently addressed an issue similar to that raised in SPURR's petition. D.92-07-075 responded to a complaint filed by several gas purchasing interests who raised concerns that PG&E's UEG purchases were receiving preferential access to excess firm interstate capacity. D.92-07-075 directed PG&E to make the capacity available on an equal basis to all qualifying customers. We found that D.90-09-089 never intended that PG&E's UEG department would have access to capacity which was superior to that available to other noncore customers. We directed PG&E to offer excess firm interstate capacity on a short-term basis using an "open season."

The findings and conclusions of D.92-07-075 apply in this case to the extent that PG&E may not offer its UEG gas purchasing unit preferential access to any interstate pipeline; it must make the capacity available on an equal basis to all qualifying customers.

Finding of Fact

D.90-09-089 and Resolution G-2967 directed PG&E to make PGT pipeline capacity available to core aggregators. Neither the decision nor the resolution ordered or implied that the \$0.12 surcharge on SL-2 service would accrue to core aggregators in the event such capacity was not available for their use.

Conclusion of Law

SPURR's petition to modify D.90-09-089 should be denied.

ORDER

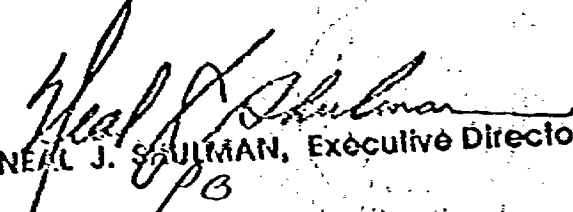
IT IS ORDERED that, the petition to modify Decision 90-09-089 filed by School Project for Utility Rate Reductions is denied.

This order is effective today.

Dated October 21, 1992, at San Francisco, California.

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

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


NEAL J. SAULMAN, Executive Director