

Mailed 7/2/98

Decision 98-07-025 July 2, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority to Change Core Procurement Rates on a Monthly Basis.

Application 97-02-005
(Filed February 3, 1997)

ORIGINAL

O P I N I O N

Summary

We will authorize Pacific Gas and Electric Company (PG&E) to vary from the requirements of Decision (D.) 97-10-065, which requires that core procurement rate changes become effective on the fifth business day of the month, to permit the change to become effective on the first day of the month when transportation rates for core customers are to be changed on the first of the month, so as to avoid two rate changes in the same month.

Procedural Background

PG&E filed a petition to modify D.97-10-065 on March 31, 1998. It was noticed in the Daily Calendar on April 6, 1998. Enserch Energy Services, Inc. (Enserch) filed a response May 1, 1998, and PG&E filed its reply on May 13, 1998. Enserch moved to withdraw its response on May 29, 1998, and on June 2, PG&E moved to withdraw its reply to Enserch's response.

Discussion

Background

PG&E previously established its core gas¹ procurement rate in its Biennial Cost Allocation Proceeding, based on an estimate of gas commodity market prices for a two-year period. The difference between the estimate and the actual cost of core gas supplies was reflected in a balancing account. Periodically, rates were adjusted to amortize amounts in the balancing account or, alternatively, one-time refunds were ordered. The result was that the effects of variations in the supply and demand for natural gas did not affect core customers until long after the event, and core customers in any given short period were likely to be paying either more or less than they would pay otherwise.

In D.95-07-048, we authorized PG&E, Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) to change rates annually (instead of every other year), and we directed them to show the monthly cost of gas on consumer bills. SoCalGas and SDG&E subsequently sought, and obtained, authority to implement monthly pricing of core gas, in D.96-05-071 and D.96-08-037. PG&E sought similar authority, which we granted in D.97-10-065.

Description of the Petition for Modification

PG&E proposes to modify Ordering Paragraph 3 of D.97-10-065 (OP 3), which now provides:

PG&E's Preliminary Statement, Part B—"Default Tariff Rate Components," and the following core rate schedules shall be updated monthly by advice letter filing to reflect the updated Schedule G-CP rate: (a) G-1; (b) GM; (c) GS; (d) GT; (e) GL-1; (f)

¹ "Core gas" customers are generally residential and small commercial customer accounts.

GML; (g) GSL); (h) GTL; (i) G-NR1; (j) G-NR2; (k) G-CT; (l) G-NGV1; and (m) G-NGV2. *These monthly advice letter filings shall become effective on the fifth business day of the month, be filed at least five days before the effective date, and include workpapers detailing the derivation of the requested rate change.*

PG&E asks that we modify the highlighted language because for some months PG&E makes gas transportation rate changes that affect core customers, and those changes take effect on the first calendar day of the month. When this happens, two rate changes are necessary in the same month – one on the first calendar day of the month for other purposes, and one on the fifth business day of the month for core procurement, pursuant to OP 3.

Accordingly, PG&E requested that OP 3 be modified as shown:

PG&E's Preliminary Statement, Part B—"Default Tariff Rate Components," and the following core rate schedules shall be updated monthly by advice letter filing to reflect the updated Schedule G-CP rate: (a) G-1; (b) GM; (c) GS; (d) GT; (e) GL-1; (f) GML; (g) GSL); (h) GTL; (i) G-NR1; (j) G-NR2; (k) G-CT; (l) G-NGV1; and (m) G-NGV2. These monthly advice letter filings shall become effective no later than on the fifth business day of the month, be filed at least five days before the effective date, and include workpapers detailing the derivation of the requested rate change.

Findings of Fact

1. PG&E is a public utility subject to the jurisdiction of this Commission.
2. PG&E filed its petition to modify D.97-10-065 on March 31, 1998.
3. Enserch filed a response on May 1, 1998 and moved to withdraw its response on May 29, 1998. PG&E replied to Enserch's response on May 13, 1998 and moved to withdraw its reply on June 2, 1998.
4. No hearing is necessary.
5. To the extent that more than one rate change occurs in a single month, the potential exists to increase administrative burden and confuse customers.

Conclusions of Law

1. The number of rate changes in a given month should be minimized.
2. PG&E's petition to modify D.97-10-065 should be granted.
3. OP 3 should be modified as PG&E requests.
4. Enserch's motion to withdraw its response and PG&E's motion to withdraw its reply should be granted.

O R D E R

IT IS ORDERED that:

1. The petition of Pacific Gas and Electric Company (PG&E) to modify Decision (D.) 97-10-065, dated March 31, 1998, is granted.
2. Ordering Paragraph 3 of D.97-10-065 is modified to read as follows:

PG&E's Preliminary Statement, Part B—"Default Tariff Rate Components," and the following core rate schedules shall be updated monthly by advice letter filing to reflect the updated Schedule G-CP rate: (a) G-1; (b) GM; (c) GS; (d) GT; (e) GL-1; (f) GML; (g) GSL; (h) GTL; (i) G-NR1; (j) G-NR2; (k) G-CT; (l) G-NGV1; and (m) G-NGV2. These monthly advice letter filings shall become effective no later than the fifth business day of the month, be filed at least five days before the effective date, and include workpapers detailing the derivation of the requested rate change.

2. The motion of Enserch Energy Services, Inc. to withdraw its response and the motion of PG&E to withdraw its reply are granted.

3. Application 97-02-005 is closed.

This order is effective today.

Dated July 2, 1998, at San Francisco, California.

RICHARD A. BILAS

President

P. GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners