

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3277
JULY 1, 1992

R E S O L U T I O N

RESOLUTION E-3277. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS AUTHORITY TO REVISE ITS "PRELIMINARY STATEMENT PART B" TO INCLUDE LANGUAGE THAT COSTS FOR PARTICIPATION IN THE EXPERIMENTAL INTERRUPTIBLE GAS BANKING PROGRAM ARE TO BE INCLUDED IN THE ENERGY COST ADJUSTMENT CLAUSE BALANCING ACCOUNT.

BY ADVICE LETTER 1390-E, FILED ON MARCH 30, 1992.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authorization to revise its PRELIMINARY STATEMENT Part B "ENERGY COST ADJUSTMENT CLAUSE" to include language that costs for participation in the EXPERIMENTAL INTERRUPTIBLE GAS BANKING PROGRAM are to be included in the Energy Cost Adjustment Clause (ECAC) balancing account. PG&E has also included a language change approved in Decision (D.) 92-02-051 changing the ECAC revision date from November 1 to January 1 as a part of this filing.
2. This Resolution grants the request.

BACKGROUND

1. As a result of the "unbundling" of natural gas service by regulations of both the Federal Energy Regulatory Commission (FERC) and the California Public Utilities Commission (CPUC) it is necessary to make language changes in PG&E's tariffs to remove inconsistent language which does not conform to the new operating conditions.
2. The language of PG&E's Preliminary Statement at present only permits recording the actual procurement costs plus the transportation charges into the ECAC balancing account. The Energy Cost Adjustment Clause (ECAC) balancing account as set forth in the PRELIMINARY STATEMENT, B ENERGY COST ADJUSTMENT CLAUSE, 6. ENERGY COST ADJUSTMENT ACCOUNT of PG&E's filed tariffs lists in detail the items which are to be entered into the account.

3. The Storage Banking Service is a program provided by the natural gas department of PG&E using tariff schedule "G-1B--EXPERIMENTAL INTERRUPTIBLE BANKING" in accordance with D. 89-12-057. PG&E's electric department will incur these costs for gas which it purchases and stores for later use in electrical energy generation.
4. Costs associated with the Storage Banking Service are not listed as recoverable costs in the Preliminary Statement B. 6. as presently set forth in PG&E's filed tariffs.
5. Decision 92-02-051 authorized a change in the effective date of ECAC balancing component of PG&E's tariffs from November 1 to January 1 of each year.

NOTICE:

1. Public notice of this filing has been made by publication in the Commission's calendar on April 3, 1992, and by mailing copies to adjacent utilities.

PROTESTS

1. No protests to this Advice Letter were received by the Commission Advisory and Compliance Division (CACD).

DISCUSSION

1. The Experimental Gas Banking Program allows participating natural gas users to purchase natural gas during the summer period when the price is low, store the natural gas in utility owned storage facilities, and take the natural gas from storage in the winter when the price is higher for their use.
2. The participant in this storage program pays a fee to the utility owning the storage facility, for the use of the storage facility. Based on the price differences in natural gas between summer and winter periods the participant in the program expects to have a lower overall expense for natural gas used.
3. The costs of participation in the Storage Banking Service are a component of the fuel cost, a part of the costs of providing electricity to the customers of PG&E. As such they should be recovered, to the extent determined to be reasonably incurred, through the ECAC balancing account.
4. The Commission in D.92-05-051 has authorized PG&E to revise the effective date of ECAC rate changes from November 1 to January 1 of each calendar year.

5. This Resolution is not a finding on the reasonableness of the debits entered into the balancing account for the Storage Banking.
6. CACD recommends approving this Advice Letter filing.

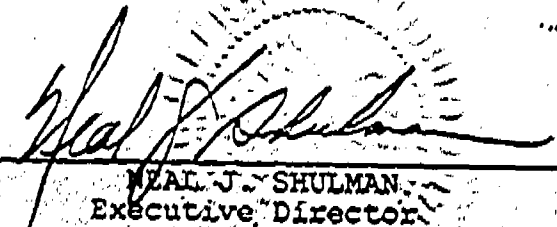
FINDINGS

1. Costs of participation in the Storage Banking Service program are costs incurred for the production of electric energy by PG&E.
2. As a part of the cost for fuel used for electric generation they should be included as costs to be recovered through the ECAC balancing account.
3. The reasonableness of the costs of the Storage Banking System shall be reviewed in any proceeding reviewing the reasonableness of entries into the ECAC balancing account.
4. The Commission by D. 92-05-051 has authorized the change in the effective date of revision of the ECAC component of PG&E's electric rates from November 1 to January 1.

THEREFORE, IT IS ORDERED that:

1. Advice Letter 1390-E shall be marked to show that it was approved by Commission Resolution E-3277.
2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 1, 1992. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

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