

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION  
Energy BranchRESOLUTION G-2683  
June 25, 1986

## RESOLUTION

PACIFIC GAS AND ELECTRIC COMPANY (PG&E) REQUEST FOR AUTHORITY  
TO IMPLEMENT A NEW GAS TARIFF, SCHEDULE GC-5.

By Advice Letter 1358-G, filed May 21, 1986, PG&E has requested authority to use a new tariff Schedule GC-5 for Short-Term Transportation for Enhanced Oil Recovery (EOR).

The rapid decline in world oil prices has resulted in the loss of PG&E's sales to the EOR market under Schedule G-59. However, gas remains the preferred fuel for EOR market as long as it can be delivered at a price competitive with the crude oil alternative available to EOR customers. PG&E is proposing Schedule GC-5 to promote gas service to the EOR market to the benefit of all of PG&E's ratepayers.

PG&E proposes to offer short-term transportation service for a contract term of six months. Volumes to be transported must be at least 20,800 therms per month on average. The rate under Schedule GC-5 is negotiable, and PG&E proposes a minimum rate of \$0.0300 per therm.

PG&E realizes that rate design for transportation and sales service is currently being examined in several proceedings before the CPUC and may undergo substantial changes by the end of the year. As a result, PG&E proposes that the Commission reexamine the appropriateness of Schedule GC-5 before December 31, 1986 to determine if it is appropriate to extend service under this schedule.

DISCUSSION

This Resolution is consistent with the existing Short-Term Transport Rate Schedule GC-4 for various customer classes. Both short-term rate schedules require a contract with PG&E and the same natural gas usage (number of therms per month on the average) to qualify for transportation service. This Short-Term Rate Schedule GC-5 differs from the existing schedule in that it is aimed directly at the EOR customers. Because EOR customers have crude oil alternative fuel available, PG&E has proposed a negotiable rate with a lower minimum per therm rate than that for the existing Schedule GC-4.

The GC-4 has a minimum transport rate of \$0.03500 per therm, while the EOR Schedule GC-5 is proposed to be \$0.0300 per therm.

This Resolution is also consistent with Commission D. 86-03-57 which discusses competition from alternative fuels, unbundling of gas rates in response to the increased options available to gas users in today's fuel markets, and the authorization of Short-Term Gas Transportation.

Public notification of this filing has been made by supplying copies of the filing to other utilities, governmental agencies, and to all interested parties who requested such notification. The Commission staff has received no protests in this matter.

We find this new rate Schedule to be just and reasonable for the contract period requested in this advice letter. The Commission will reexamine the appropriateness of Schedule GC-5 before December 31, 1986 to determine the appropriateness of EOR rates in general.

THEREFORE

1. Pacific Gas and Electric Company is authorized to provide short-term transportation service for Enhanced Oil Recovery customers under their new tariff Schedule GC-5.
2. Advice Letter No. 1358-G is approved for a six month term until December 31, 1986. The Commission may examine this Schedule at any time to determine the appropriateness of this transport service rate for EOR.
3. The Commission shall be kept informed of all negotiated contracts with EOR customers and notified of the margin contribution secured from each contract. This information shall be sent to the Executive Director with a copy to William Stalder, Chief of Fuels Branch.
4. This advice letter and tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution G-2683. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on June 25, 1986. The following Commissioners approved it:



Executive Director

DONALD VIAL  
President  
VICTOR CALVO  
PRISCILLA C. GREW  
FREDERICK R. DUDA  
STANLEY W. HULETT  
Commissioners