

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION G-2751
November 25, 1987

R E S O L U T I O N

PACIFIC GAS AND ELECTRIC COMPANY (PG&E). ORDER AUTHORIZING AMENDMENTS TO AN AGREEMENT WITH PACIFIC INTERSTATE TRANSMISSION COMPANY FOR SHORT-TERM TRANSPORTATION OF NATURAL GAS THROUGH PG&E'S SYSTEM.

(Advice Letter 1428-G, Filed September 23, 1987.)

SUMMARY

1. By Advice Letter 1428-G, filed September 23, 1987, PG&E requests Commission authorization to amend the provisions and terms of an agreement between itself and Pacific Interstate Transmission Company (PITCO) for short-term transportation of natural gas owned by PITCO. Authorization of this agreement will make Canadian gas available in Southern California, and thereby, increase competition at the burnertip.
2. The amended agreement modifies the rates, fuel use and line loss provisions, and extends the term of the agreement until the effective date of the implementation decision of Order Instituting Investigation (OII) 86-06-005 and/or Order Instituting Rulemaking (OIR) 86-06-006, or until March 31, 1988, whichever is earlier. These amendments are consistent with the provisions in the Commission's recent decision regarding interutility transportation, Decision 87-05-069, dated May 29, 1987.

BACKGROUND

3. The Commission has previously authorized two short-term agreements between PG&E and PITCO for transportation of PITCO's gas through PG&E's system. The agreements allowed PG&E to transport Canadian gas from Malin, Oregon to Southern California Gas Company's (SoCal) interconnection in Kern County. Thus, Canadian gas was made available in Southern California.
4. The first agreement was approved by Commission Resolution G-2698, dated September 17, 1986 for transportation

service through October 31, 1986. The transportation rate charged to PITCO under this agreement was \$0.02428 per therm plus 4.4 percent additional fuel, in kind, to cover fuel and line losses.

5. The second agreement was approved by Resolution G-2718, dated March 6, 1987 for transportation service through September 30, 1987. This second agreement also amended the allowable redelivery location of gas to be at points that were mutually agreed upon between PG&E and SoCal. All other rates, charges and conditions as approved by Resolution G-2698 remained in full force and effect.

6. On May 29, 1987, the Commission issued Decision 87-05-069 which established a system for interutility transportation of natural gas within California. Said decision adopted an interim method of rate design for inter-utility transportation, including provisions for fuel-use and lost-and-unaccounted for gas.

7. PG&E now seeks Commission approval for a third extension of the effective date of this short-term transportation agreement which incorporates the provisions adopted in D.87-05-069.

PROTESTS

8. No protests were received regarding Advice Letter 1428-G.

DISCUSSION

9. The agreement is an accommodation not only to PITCO and SoCal, but also benefits SoCal's ratepayers by providing an alternative means of supplying gas to SoCal. PG&E's ratepayers would also benefit because the gas transported through PG&E's system would yield contributions to fixed costs that would not otherwise be earned.

10. The proposed modifications of this agreement are consistent with D.87-05-069. The focus of the decision was to promote competition at the burnertip. It established interutility transportation rates on an interim basis pending the implementation of OII 86-06-005 and/or OIR 86-06-006. The adopted interim rate design resulted in transportation rates of 1.5 cents per Therm, based upon volumes delivered to SoCal at valve 0.24B, or 1.96 cents per Therm for volumes delivered to SoCal at Kern River Station or at the Kettleman Intertie Meter and Regulation Station. In addition, PITCO will deliver, in kind, the actual calculated incremental fuel-use and lost-and-unaccounted for quantities incurred by PG&E in providing this service.

11. The Commission Advisory and Compliance Division (CACD) staff has reviewed this advice letter and accompanying agreement as well as D.87-05-069 and has determined that the agreement is in compliance with said decision.
12. This filing will not cause the withdrawal of service nor conflict with any rule or schedule.
13. Public notification of this filing has been made by supplying copies of the filing to other utilities, governmental agencies, and to all interested parties requesting notification.

FINDINGS

1. This agreement between PG&E and PITCO has been approved previously in concept by Commission Resolutions G-2698 and G-2718, dated September 17, 1986 and March 6, 1987, respectively.
2. This amended agreement complies with the Commission's intent and the rates adopted in Decision 87-05-069.
3. The rates applicable to this agreement may be further amended by the implementation decision of OII 86-06-005 and/or OIR 86-06-006.
4. We find that the rates, charges and conditions of service as proposed in Advice letter 1428-G to be just and reasonable; therefore,

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized under Sections 454 and 532 of the Public Utilities Code to renew and modify its short-term transportation agreement with PITCO until the effective date of the implementation of OII 86-06-005 and/or OIR 86-06-006, or March 31, 1988, whichever is earlier.
2. Pacific Gas and Electric Company shall file a report with this Commission stating the volumes of gas transported and the contribution to margin gained from this agreement. This report shall be sent to the Chief of the Energy Branch, Commission Advisory and Compliance Division, no later than 30-days after the expiration of this agreement.
3. This Advice Letter and accompanying agreement shall be marked to show that they were accepted for filing by Commission Resolution G-2751.

Resolution G-2751
November 25, 1987
Page 4

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 25, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director