

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy BranchRESOLUTION G-2801
June 17, 1987.**R E S O L U T I O N**

RESOLUTION G-2801 AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO AMEND CORE PROCUREMENT SCHEDULE G-PC, ON URGENT SHORT NOTICE, TO PREVENT POSSIBLE DISCRIMINATION TO GAS CUSTOMERS; BY ADVICE LETTER 1466-G FILED JUNE 15, 1988.

SUMMARY

1. By Advice Letter 1466-G filed June 15, 1988, Pacific Gas and Electric Company (PG&E) requests urgent action to prevent discrimination among noncore customers wishing to obtain natural gas from the utility's core gas portfolio. This would be done by modifying Schedule G-PC, Procurement of Gas from the Core-Supply Portfolio.
2. The amended Schedule G-PC procedures and regulations allow noncore customers to nominate new or additional quantities of natural gas from the core portfolio up to four days before the portfolio switching ban adopted in Decision (D.) 86-12-010 takes effect. This could occur as soon as July 1, 1988. Approval is granted to avoid possible discrimination to many noncore customers who otherwise would be prevented from electing supply from the core portfolio.
3. This order is being issued without advance publication on the Commission's agenda, pursuant to the unforeseen emergency conditions exemption under Public Utilities Code Section 364(b). The unforeseen emergency is the potential discriminatory operation of PG&E's Schedule G-PC.

BACKGROUND

1. The purpose of PG&E's request is to modify Schedule

G-PC, Procurement of Gas from the Core-Supply Portfolio, to clarify the procedures and regulations by which noncore customers may begin to nominate new or additional quantities of natural gas from that rate schedule. Currently, Schedule G-PC does not specify when service may begin.

2. Since the current tariff language of Schedule G-PC does not specify when service may begin, gas Rule 12, Optional Rates, applies. PG&E's gas Rule 12 specifies that when customers change rate schedules, such changes will be effective on the next regularly scheduled meter-reading date, unless otherwise specified in the schedule itself.

3. In accordance with Decision (D.) 86-12-010, noncore customers may elect core procurement service only when the noncore portfolio price is less than the core portfolio price. When the reverse is true, the only utility procurement service available to noncore customers beyond that already under contract is noncore procurement service under PG&E's Schedule G-PN, Procurement of Gas for the Noncore Portfolio. This rule is also known as the "portfolio switching ban".

4. Currently, the noncore portfolio price for gas is less than the core portfolio price for gas. However, pending interstate pipeline rate changes, which could become effective as early as July 1, 1988, may increase the commodity charge under the noncore procurement Schedule G-PN so as to preclude noncore customers from choosing procurement under the core procurement Schedule G-PC.

5. PG&E has notified its noncore customers of the anticipated noncore portfolio price change by mail.

6. This filing does not increase any rate or charge, cause the withdrawal of service, or conflict with any other rate schedules or rules.

7. Under the provisions of Section V.B. of General Order 96-A, PG&E requests that the Commission act on this advice letter filing at its next public meeting on June 17, 1988.

DISCUSSION

1. The application of Rule 12 is not appropriate for supply portfolio selection, since portfolio price changes are not concurrent with meter-reading dates for most customers. Consequently, noncore customers who might elect to purchase gas volumes from the core portfolio would be prevented from

doing so if the portfolio switching ban became effective before their next meter read.

2. Without a change in the existing language of Schedule G-PC, discrimination to some noncore customers could occur based on meter reading dates. Some customers would be prevented from core election, despite signing an agreement before a switching ban went into effect, because their meters would be read after the date of the portfolio closure.

3. The changes proposed by PG&E would provide that core election must be executed at least four working days prior to the effective date that the commodity charge under Schedule G-PN becomes greater than that under Schedule G-PC (See Attachment A to this Resolution). This provides time for gas procurement arrangements and nominations for dispatching. In addition, PG&E proposes to add language specifying when such an election to core procurement service becomes effective with:

"Service under Schedule G-PC will begin on the date specified in your Supply Agreement. Such date will be either the next scheduled meter-reading date, the first day of the calendar month, or the effective date of a commodity charge change under Schedule G-PN."

4. The Commission Advisory and Compliance Division (CACD) has reviewed this advice letter filing and believes that it is in compliance with D.86-12-009.

FINDINGS

1. Due to the extreme short notice and the unforeseen emergency circumstances of this filing, time has been too short for receipt of protests. However, in the interest of providing equal opportunity to all customers, approval for this amendment should be granted, subject to the condition that the Commission reserves the right to re-examine these findings at a later date and to modify its decision after further consideration of the facts and circumstances of this case.

2. It is reasonable to give all noncore customers an equal opportunity to elect core procurement.

3. This order is being issued without advance publication on the Commission's agenda, pursuant to the unforeseen emergency condition exemption under Public Utilities Code

Section 306(b). The emergency situation presented by the potential discrimination to some PG&E noncore customers will be alleviated by this action. The urgency which exists in this situation requires that the Commission act in an expedited manner. The proposed amendment to Schedule G-PC is just and reasonable based upon the facts available to the Commission at this time, therefore,

IT IS ORDERED THAT:

1. Pacific Gas and Electric Company is authorized under Sections 306(b), 490 and 491 of the Public Utilities Code to place the modified Schedule G-PC, as shown in Attachment A to this Resolution, into effect immediately.
2. The Commission reserves the right to re-evaluate the above amendment to Schedule G-PC in the event of any possible protests and to make such modification to this order as it may deem necessary.
3. This Resolution is adopted without notice as an emergency measure to prevent possible discrimination to the noncore customer class.
4. Advice Letter No. 1466-G and the accompanying tariff sheets shall be marked to show that they were approved by Resolution No. G-2801, effective June 17, 1988.

This order is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 17, 1988. The following Commissioners approved it:

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



Executive Director



Pacific Gas and Electric Company
San Francisco, California

ATTACHMENT A

Revised Cal PUC Sheet No. 12714-G
Cancelling Original Cal PUC Sheet No. 12662-G

SCHEDULE G-PC--PROCUREMENT OF GAS FROM THE CORE-SUPPLY PORTFOLIO

APPLICABILITY: Schedule G-PC applies to the purchase of natural gas procured by PG&E primarily from long-term supplies with pricing security. If you wish to purchase natural gas under Schedule G-PC, you must sign a Natural Gas Supply Agreement with PG&E and receive service under Schedule G-NR3, G-P2B, G-IND, G-COC, G-UEG, or CC-2. This schedule is applicable for service on and after May 1, 1958.

TERRITORY: Schedule G-PC applies everywhere PG&E provides natural-gas service.

RATES: Per Therm
Commodity Charge \$0.18252

The commodity charge under Schedule G-PC will be equal to the projected annual weighted average cost of gas (WACOG) of PG&E's core supply portfolio, plus applicable franchise fees and uncollectible expenses. Changes may periodically occur to the Schedule G-PC rate upon CPUC approval.

CURTAILMENT Service under this schedule may be curtailed. Details are provided in Rule 14.

SUPPLY AGREEMENT: You will be required to sign a Natural Gas Supply Agreement (Form No. 79-736) for a minimum term of one year for service under Schedule G-PC.

If you do not use your full contracted quantity on a yearly basis you may be liable for unavoidable or minimum charges to reflect any costs which PG&E may incur as a result, excluding any costs allocated to transportation charges. However, no such charges are applicable at this time.

If you choose to purchase natural gas under Schedule G-PC you must elect to purchase either: 1) your full natural-gas supply requirement from Schedule G-PC or 2) a specified portion of your full natural-gas supply requirement from Schedule G-PC. If you elect to purchase a portion of your full supply requirement from Schedule G-PC, you must specify, in therms, an Annual Contract Quantity (ACQ). The ACQ that you specify may not exceed your historical annual use of natural gas on your prior account(s) as determined by PG&E, unless otherwise agreed to by PG&E. You must also designate the portion of your ACQ which will be used in each calendar month. The ratio of your highest monthly contract quantity divided by your ACQ may not be greater than the ratio of your highest monthly use in the past 12 months divided by your total use in those 12 months.

If in any calendar month during the term of the Service Agreement your natural gas use exceeds your specified monthly contract quantity, you may purchase additional natural-gas supplies from other suppliers or from PG&E's noncore supply portfolio under Schedule G-PN. In any month, if PG&E determines that it may provide additional gas supplies under this schedule without adversely affecting the cost of such supplies, PG&E at its option may permit you to purchase additional quantities of gas from this schedule above your monthly contract quantity. Such purchases will be in addition to your ACQ and will not increase your designated ACQ.

You may contract for new or additional gas supplies at any time provided that: 1) the applicable commodity charge under Schedule G-PC is greater than the applicable commodity charge under Schedule G-PN; and 2) an agreement for such new or additional supplies is executed at least four working days prior to the effective date that the commodity charge under Schedule G-PN becomes greater than that under Schedule G-PC. Notwithstanding the above, upon expiration of an existing Natural Gas Supply Agreement which specified Schedule G-PC natural-gas supply, you may elect to receive the same (i.e., specified volume or full requirements) or a lesser quantity of natural gas from Schedule G-PC. Service under Schedule G-PC will begin on the date specified in your Supply Agreement. Such date will be either the next scheduled meter-reading date, the first day of the calendar month, or the effective date of a commodity charge change under Schedule G-PN.

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*The Rules referred to in this schedule are parts of PG&E's gas tariff schedules. Copies are available at local offices.

Advice Letter No. 1166-G
Decision No. 97-12-039

Issued by
Gordon R. Smith
Vice President
Finance and Rates

Date Filed _____
Effective _____
Resolution No. _____