

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2811  
September 28, 1988

R E S O L U T I O N

RESOLUTION G-2811, APPROVING WITH CONDITIONS PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO TRANSFER NEW UNITED MOTOR MANUFACTURING, INC., FROM CORE TO NONCORE NATURAL GAS RATE SCHEDULES. ADVICE LETTER 1474-G.

S U M M A R Y

Commission Advisory and Compliance Division's (CACD) investigation indicates that New United Motor Manufacturing, Inc. (NUMMI) is a large natural gas customer (greater use than 250,000 therms per year) and has the technical capability and economic incentive to install and use alternative fuel systems. Nummi should thus be permitted noncore gas service, since it meets the requirements of D.87-12-039 as modified by D.88-03-085 for noncore service.

B A C K G R O U N D

The transfer of customers from core to noncore status was addressed in Decision 87-12-039 (pp. 43-45) as modified by D.88-03-085 (pp. 13-16). Large core customers (usage greater than 20,800 therms per month) may transfer to noncore status without actually installing standby alternative fuel burning equipment provided the following conditions are met. First, the customer is willing to accept a lower priority of service. Second, the Commission grants an exception to the standby requirement upon a successful showing that the customer "... has the clear technological capability to use alternative fuel and where the cost to do so and then use alternative fuel would be less than the cost of core service" (D.88-03-085, pg.15, and Ordering Paragraph No. 6). The exceptions are considered on a case by case basis subject to an annual requalification.

D I S C U S S I O N

1. The following three issues have been raised by these Advice Letters. Have the applicants met the requirements which would allow their transfer to noncore status without physically installing alternative fuel capable standby facilities?

How should the fixed cost revenues from these customers be accounted for?

How should the revenue shortfall resulting from the rate reduction accompanying the change from core to noncore status be accounted for?

2. Nummi is an automobile manufacturer located in Fremont, California.

3. CACD personnel visited the Nummi facility on August 30, 1988. CACD believes that Nummi has the physical capability to install alternative fuel burning facilities. CACD has evaluated the cost of such facilities and believes that a sufficient economic incentive exists for the applicant to install and use alternative fuel should they not be offered noncore status.

4. Nummi was a core customer before it signed the reassignment agreement contained in Advice Letter 1474-G, so Nummi will not be subject to the non-core to core portfolio switching ban if it should choose to purchase gas from the core portfolio at this time.

5. The accounting consequences of these utility customers being converted from core to noncore gas service status have been considered in Commission Resolution 2796, dated August 24, 1988.

6. These filings will not increase any other existing rate or charge, conflict with other schedules or rules, or cause the withdrawal of service.

7. In accordance with General Order 96-A, PG&E has mailed copies of these advice letters and related tariff sheets to other utilities and interested parties.

#### FINDINGS

1. The applications for transferring from core to noncore service under Advice Letter 1474-G has met the conditions required by D.87-12-039 (pp. 43-45) as modified by D.88-03-085 (pp. 13-16, and Ordering Paragraphs No. 6 & 7).

#### IT IS ORDERED that:

1. PG&E is authorized to provide noncore gas service to Nummi.
2. Nummi shall not be subject to the portfolio switching ban at this time.
3. Fixed cost revenue contributions shall be recorded

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in the fixed cost account that corresponds to the customer's classification during the most recent cost allocation decision, as discussed in Commission Resolution G-2796.

4. PG&E shall maintain a memorandum account to track the difference in fixed cost revenue contributions between core and noncore rates for any customer who transfers between the core and noncore during the interval between cost allocation proceedings, as discussed in Commission Resolution G-2796. The disposition of this account will be decided in PG&E's next Annual Cost Allocation Proceeding.

5. PG&E shall remind all customers requesting non-core service that they are interruptible.

6. Advice Letter 1474-G and accompanying agreements shall be marked to show that they were approved by this Commission Resolution G-2811.

7. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 28, 1988. The following Commissioners approved it:

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



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Executive Director