

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION NO. G-2833
December 19, 1988

R E S O L U T I O N

RESOLUTION G-2833. PACIFIC GAS AND ELECTRIC COMPANY (PG&E). ORDER AUTHORIZING TRANSFER TWO CUSTOMER ACCOUNTS FROM CORE TO NONCORE GAS SERVICE SCHEDULES; NAMELY, BLUE HILLS GINNING, AND WESTERN COTTON SERVICES CORP.

BY ADVICE LETTER NOS. 1497-G FILED SEPTEMBER 21, 1988
AND 1502-G FILED OCTOBER 11, 1988.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to transfer Blue Hills Ginning and Western Cotton Services Corporation from core to noncore service. These two large customer accounts have the technical capability and economic incentive to install and use alternative fuel systems as required by Decision (D.) 87-12-039, as modified by D.88-03-085 for noncore service.

2. PG&E's request is granted.

BACKGROUND

1. The transfer of customers from core to noncore status was addressed in D.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.

DISCUSSION

1. The utility customers listed in this resolution are cotton ginning companies, located in the Fresno area. Commission Advisory and Compliance Division (CACD) staff inspected the ginning facilities on December 7, 1988.

2. CACD believes that both of the applicants have the physical and technical capability to install alternative fuel burning facilities if necessary. CACD has independently evaluated the cost of such facilities and believes that sufficient economic incentive exists for the applicants to install and use alternative fuel should they not be offered noncore status.

3. PG&E should take steps to ensure it's estimated amortization period for the proposed alternative fuel system is consistent with the length of time these customers are expected to remain on the PG&E system.

4. These PG&E customers were core customers before they signed reassignment agreements with PG&E, so they will not be subject to the noncore to core portfolio switching ban if they 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 G-2796, dated August 24, 1988 with the result that fixed cost revenue contributions be recorded in the fixed cost account that corresponds to the customer's classification during the most recent cost allocation decision.

6. Further accounting consequences considered in Commission Resolution G-2796 called for the establishment of a memorandum account to be maintained by PG&E in order 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. The disposition of this account will be decided in PG&E's next Annual Cost Allocation Proceeding.

PROTESTS

1. No protests have been received by CACD.

FINDINGS

1. The applications for transferring from core to noncore service under Advice Letters 1497-G and 1502-G have 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).
2. The accounting consequences of these utility customers being converted from core to noncore gas service status have been considered in Commission Resolution G-2796, dated August 24, 1988.
3. Public notification of this Advice Letter has been made by PG&E by mailing copies to other utilities, governmental agencies and to all interested parties who requested such notification.
4. These filings will not increase any other existing rate or charge, conflict with other schedules or rules, or cause the withdrawal of service.

THEREFORE IT IS ORDERED that:

1. PG&E is authorized to provide noncore gas service to Blue Hills Ginning Company, and Western Cotton Services.
2. These customers shall not be subject to a portfolio switching ban at this time.
3. Fixed cost revenue contributions shall be recorded 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 changes core status 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 noncore service that they are interruptible.
6. Advice letters 1497-G and 1502-G and accompanying agreements shall be marked to show that they were approved by this Commission Resolution G-2833.
7. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 19, 1988. The following Commissioners approved it:

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



Executive Director