

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2848  
December 9, 1988

**R E S O L U T I O N**

RESOLUTION G-2848, APPROVING WITH CONDITIONS PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO TRANSFER TWO CUSTOMER ACCOUNTS FROM CORE TO NONCORE GAS SERVICE SCHEDULES; NAMELY, ADVICE LETTERS 1493-G AND 1500-G, FILED ON SEPTEMBER 9, 1988, AND OCTOBER 6, 1988, RESPECTIVELY.

**SUMMARY**

Commission Advisory and Compliance Division's (CACD) investigation indicates that these two large customer accounts, Pinole Point Steel Company (1493-G), and FMC Corporation (1500-G) (greater use than 20,800 therms per month), have the technical capability and economic incentive to install and use alternative fuel systems. They should thus be permitted noncore gas service, since they meet the requirements of D.87-12-039 as modified by D.88-03-085 for noncore service.

**BACKGROUND**

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.

DISCUSSION

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. The utility customers listed in this resolution are a steel galvanization plant, and a food manufacturing company, both located in the Bay Area, east of San Francisco. CACD staff inspected the Pinole Point Steel Company plant in early November, 1988. CACD staff had previously inspected facilities similar to those utilized at the FMC Corporation plant in August, 1988.

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

4. PG&E should take steps to insure that these customers remain on the PG&E gas system long enough to amortize the cost of proposed alternative fuel systems.

5. These PG&E customers were core customers before they signed reassignment agreements with PG&E, so they will not be subject to the non-core to core portfolio switching ban if they should choose to purchase gas from the core portfolio at this time.

6. 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.

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

8. 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 Letters 1493-G and 1500-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).

**IT IS ORDERED that:**

1. PG&E is authorized to provide noncore gas service to Pinole Point Steel Company, and FMC Corporation.

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 1493-G and 1500-G and accompanying agreements shall be marked to show that they were approved by this Commission Resolution G-2848.

7. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 9, 1988. The following Commissioners approved it:

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



Executive Director