

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2858  
April 12, 1989

R E S O L U T I O N

RESOLUTION G-2858, PACIFIC GAS AND ELECTRIC COMPANY (PG&E), ORDER AUTHORIZING TRANSFER OF AIR PRODUCTS AND CHEMICALS INC. (APCI), ACCOUNT FROM CORE TO NONCORE GAS SERVICE SCHEDULES.

BY ADVICE LETTER NO. 1517-G FILED JANUARY 10, 1989.

---

SUMMARY

1. PG&E requests authority to transfer APCI from core to noncore service. This large customer has the technical capability and economic incentive to install and use alternate fuel systems as required for noncore service.
2. PG&E's request is granted.

BACKGROUND

1. The transfer of customers from core to noncore status was addressed in Decision (D.) 88-03-085. Customers whose usage is greater than 20,800 therms per month are considered large core customers and may transfer to noncore status without installing alternate fuel burning equipment if; a) The customer must be willing to accept a lower priority of service. b) The Commission grants an exception to standby requirement upon successful showing that the customer "... has the clear technological capability to use alternate fuel and where the cost to do so and then use alternate fuel would be less than the cost of core service." (D.88-03-085, pg.15, and Ordering Paragraph No. 6).

April 12, 1989

### DISCUSSION

1. APCI has a hydrogen production facility in the Sacramento area. The Commission Advisory and Compliance Division (CACD) inspected the facility on February 1, 1989.

2. CACD believes that APCI has the physical and technological capability to install alternate fuel burning facilities and has plans to do so if this request is denied. CACD has independently evaluated the cost of such facilities using its own computer model developed for core to noncore requests. CACD believes that sufficient economic incentive exists for this customer to install and use an alternate fuel. The customer can achieve this, if denied noncore status, by coordinating its alternate fuel piping with proposed adjacent city projects and minor system modifications.

3. APCI was a core customer before its reassignment agreement with PG&E, so it 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.

4. The accounting consequences of utilities being converted from core to noncore gas service status have been considered in 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.

5. Further accounting consequences considered in Resolution G-2796 called for the establishment of a memorandum account in fixed cost revenue contributions for any customer who transfers between core and noncore during the interval between the cost allocation proceedings. The disposition of this account will be decided in PG&E's next Annual Cost Allocation Proceeding.

### PROTESTS

1. Public notification of this Advice Letter was done by PG&E mailing copies to other utilities and governmental agencies and to all interested parties who requested such notification.

2. No protests have been received.

### FINDINGS

April 12, 1989

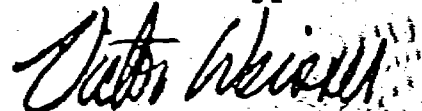
1. APCI meets the conditions required by D.87-03-085 to transfer from core to noncore service under Advice Letter 1517-G.
2. The accounting consequences of utility customer conversion from core to noncore were considered by Commission Resolution G-2796, dated August 24, 1988.
3. This filing will not increase any other existing rate or charge, conflict with other schedules or rules, or cause the withdrawal of service.
4. PG&E's request by Advice Letter 1517-G, to reassign of Air Products and Chemicals, Inc., from core to noncore status is reasonable.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to provide noncore gas service to Air Products and Chemicals, Inc.
2. This customer 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 Resolution G-2796.
4. Pacific Gas and Electric Company shall remind all customers requesting noncore service that they are interruptable.
5. Advice Letter 1517-G and accompanying agreements shall be marked to show that they were approved by this Resolution G-2858.
6. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 12, 1989. The following Commissioners approved it:

G. MITCHELL WILK  
President  
STANLEY W. HULETT  
JOHN B. OHANIAN  
Commissioners



Executive Director

Commissioner Frederick R. Duda  
being necessarily absent, did  
not participate.

Commissioner Patricia M. Eckert  
present but not participating.