

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2859
Date May 26, 1989

R E S O L U T I O N

RESOLUTION G-2859. PACIFIC GAS AND ELECTRIC COMPANY (PG&E). AUTHORIZES PG&E TO ENTER INTO A NATURAL GAS TRANSPORTATION, SUPPLY AND MAIN EXTENSION AGREEMENT (AGREEMENT) WITH BASIC AMERICAN FOODS (BAF) ENERGY, INC.

BY ADVICE LETTER NO. 1519-G FILED JANUARY 11, 1989.

SUMMARY

1. By Advice Letter 1519-G filed January 11, 1989, Pacific Gas and Electric Company requests authorization to enter into an Agreement with BAF Energy, Inc. This Agreement provides for a 37 mile gas main extension as well as transportation and supply of gas to BAF from near Panoche, in San Benito County, to King City, Monterey County, to meet new cogeneration demands by the customer.

2. PG&E's request is granted.

BACKGROUND

1. PG&E and BAF have signed an agreement for a gas main extension, supply and transportation to meet the demand of a new cogeneration facility which BAF is installing.

2. BAF requires 300 pounds per square inch gas pressure and 30 thousand cubic feet (Mcf) gas flow per day for its new cogeneration facility. PG&E can supply BAF from its main lines, #300 A, #300 B and #306. PG&E will transport the gas via proposed 8 and 12 inch diameter gas lines, 37 miles long from Panoche to BAF in King City. The existing PG&E #187 line is not adequate to meet the customer's demands.

3. PG&E has developed a hybrid Agreement which incorporates three existing Commission approved standard-form agreements: 1) Form No. 62-5605, Agreement for Gas Service and Extension of a Gas Main for

Customers with Priority Classification Other Than P-1, 2) Form No. 79-735, Natural Gas Transportation Service Agreement, and 3) Form No. 79-736, Natural Gas Supply Agreement.

DISCUSSION

1. The maximum annual gas usage estimated for this Agreement is between 39 million and 83.5 million therms per year for low and high peak demands. PG&E Gas Rule 15, section D states that the free extension of distribution mains and /or enlargements of existing distribution main capacities to furnish service other than Priority P1 service will be installed, owned, and maintained by the utility provided the cost of such extensions and /or enlargements does not exceed the estimated annual revenue from the new service as determined by the utility.
2. Estimated annual revenue generated from the customer in the first year is \$11.7 million and the estimated cost of the project to PG&E is \$8.5 million and will do the job at its expense. PG&E has shown by that the proposed main extension from San Benito County to King City is the most cost effective method of five alternative plans researched by PG&E to meet its customer's natural gas demands. This will not increase, change or conflict with any existing rates, rules or schedules.
3. The gas supply and transportation Agreement is based on the terms of the contract between PG&E and BAF that was filed by Advice Letter 1519-G. This agreement is a combination of previously approved standard contracts, namely, Form No. 79-735, Form No. 79-736, Natural Gas Transportation and Supply Agreements respectively and Gas Main Extension Agreement, Form No. 62-5605. It is for 37 miles of gas main; 12 miles of 8 inch and 25 miles of 12 inch, from PG&E's gas lines near Panoche, in San Benito County, to the customer in King City in Monterey County. This extension will be PG&E's new #310 line.
4. Gas delivered under this Agreement is designated end use priority P3A and P4, Rate Schedules G-COG & G-IND respectively.
5. The Energy Branch recommends a one time approval of the Agreement between PG&E and BAF, Inc., pending further review by the Commission's Legal Division.

PROTESTS

1. Public notification of this Advice Letter has been done by PG&E by mailing copies to other governmental agencies and to all interested parties who requested such notification.
2. No protests have been received by CACD.

FINDINGS

1. The main line extension proposed by PG&E is the most cost effective means to meet BAF's new cogeneration demand and according to Rule 15 PG&E will pay for the project at no cost to the customer.
2. The requests for Natural Gas Transportation, Supply and Gas Main Extension service under Advice Letter 1519-G have met the conditions required by Standard Forms No. 79-735, 79-736 and 62-5605.
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 for approval of its Agreement with BAF by Advice Letter 1519-G for Natural Gas Transportation, Supply and Gas Main Extension contract to be just and reasonable.
5. Authorization of PG&E's contract with BAF, Inc. will be on a one time approval pending further investigation of that contract by the Commission's Legal Division.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized, under the provisions of Public Utilities Code Section 532, to enter into contract with Basic American Foods, Inc. (BAF) for natural gas transportation, supply and gas main extension as submitted by advice letter 1519-G.
2. Pacific Gas and Electric Company shall be granted a one time approval of its combination Transportation, Supply and Main Extension Agreement with BAF pending further review of the contract by the Commission Legal Division.

3. Pacific Gas and Electric Company shall be required to furnish data to establish the volumes, prices, and priority used for this contract and data revisions for transportation and supply beginning sixty (60) days after first revision. This information shall be sent to the Chief of the Energy Branch, Commission Advisory and Compliance Division.

4. Advice Letter 1519-G and accompanying agreements shall be marked to show that they were approved by this Commission Resolution G-2859.

5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 26, 1989. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



Executive Director