

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2869
APRIL 12, 1989

R E S O L U T I O N

RESOLUTION G-2869. PACIFIC GAS AND ELECTRIC COMPANY (PG&E) AUTHORIZED TO REVISE ITS GAS PRELIMINARY STATEMENT FOR COMPLIANCE AND CORRECTIONS. BY ADVICE LETTER 1524-G, FILED FEBRUARY 7, 1989.

SUMMARY

1. Pacific Gas and Electric Company requests authorization to revise its gas Preliminary Statement Sections C, I, and Q pertaining to revenue accounting practices and procedures.
2. This resolution authorizes the request.

BACKGROUND

1. Section C.16.a.3 of PG&E's Preliminary Statement defines the Carrying Cost on Gas in Storage. That definition specifies use of the three-month Commercial Paper rate for interest calculations. PG&E proposes to add the current Banker's Acceptance rate as an alternate.
2. PG&E also requests authorization to change the word core to noncore under Section I.1, Noncore Implementation Balancing Account (NIBA), correcting a typographical error.
3. Lastly, PG&E requests authorization to re-word its description of the interest calculation under Section Q.3.d-f of the Earnings Limitation Amount under the Negotiated Revenue Stability Account (NRSA). The current description allows interest to be added to revenues and then calculates a new interest rate for the current month on those revenues. The re-wording would keep the interest calculations and amounts separate from the revenues.
4. PG&E has mailed copies of this advice letter and the related tariff sheets to other utilities, interested parties and governmental agencies.
5. No protests to this advice letter have been received.

DISCUSSION

1. The revision of the Carrying Cost on Gas in Storage definition, as proposed by PG&E's Advice Letter 1524-G, is in compliance with Decision 87-04-074 (p. 4). This decision, modifying PG&E's General Rate Case (A.85-12-050), orders PG&E to use other forms of short-term financing at lower rates for its gas inventory, allowing greater flexibility. The two rates adopted in the decision for PG&E's use are the Banker's Acceptance Rate or the three-month Commercial Paper rate. The Commission Advisory and Compliance Division (CACD) agrees with PG&E that this request is in compliance with D.87-04-074.

2. The second request applies to the Noncore Implementation Balancing Account, which is a memorandum account used to track revenues collected through a noncore implementation rate until the adopted balance is fully recovered. The proposed correction changes the word "core" to "noncore" in Section I.1, as follows:

- "1. A credit entry equal to the Implementation Balancing Account revenue from noncore deliveries during the month, excluding the allowance for F&U." (Franchise Fees and Uncollectibles)

The Noncore Implementation Balancing Account is designed to track noncore revenues, not core revenues. The proposed change corrects a typographical error. CACD agrees.

3. PG&E requests authorization to correct its description of the interest calculated for the Earnings Limitation Amount under the NRSA, Section Q.3.d-f. The current description causes interest to be calculated on the average, period-to-date NRSA revenue balance, including accumulated interest. In addition, the interest rate itself is not calculated on an average, period-to date basis, as is the NRSA balance. PG&E proposes to correct these problems by changing the interest calculation, so that interest is not added to the NRSA balance, and by changing the interest rates used to an average, period-to-date basis, so that it is consistent with the way the NRSA balance is calculated.

4. CACD has reviewed PG&E's request to change the NRSA language pertaining to interest and agrees with it. This request complies with the gas implementation decision, D:87-12-039, which adopted the accounting stipulation for the NRSA and other accounts subject to the gas restructuring. The applicable NRSA section (Stipulation, p.4) states: "Interest is to be calculated on any balances in this account if, at the end of the record period, the variation in return on equity exceeds the parameters established by the ELC (Earning Limitation Cap)" (emphasis added). Therefore, no interest is to be added to the revenue balance until the very end of the record period.

5. PG&E's corrections and clarifications should be reviewed by both Southern California Gas Company (SoCal) and San Diego Gas and Electric Company (SDG&E), because both utilities fashioned their Preliminary Statements after PG&E's in the Gas Implementation Filings adopted May 1, 1988. CACD recommends that the Commission direct SoCal and SDG&E to re-examine their respective Preliminary Statements for compliance with this resolution, and to submit similar advice letters, if their Preliminary Statements require such changes.

FINDINGS

1. PG&E's Gas Preliminary Statement, Section C.16.a.3., Carrying Cost on Gas in Storage, should include the option to use the lower of the Banker's Acceptance Rate or the interest rate on three-month Commercial Paper to comply with D.87-04-074.

2. PG&E's Gas Preliminary Statement, Section I.1. should replace the word "core" with the word "noncore", to correctly state that revenues entered under the Noncore Implementation Balancing Account are attributable to the noncore deliveries during the month.

3. PG&E's Gas Preliminary Statement, Section Q.3.d-f, as proposed, will separate the interest calculation from the NRSA balance to comply with D.87-12-039. It also will allow the interest to be calculated on a period-to-date basis, consistent with the calculation of the NRSA balance.

4. Southern California Gas Company and San Diego Gas and Electric Company should review their respective Preliminary Statements for problems similar to those addressed by PG&E's advice letter filing.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to change and clarify its Gas Preliminary Statement as requested by Advice Letter 1524-G.
2. PG&E's Advice Letter 1524-G and its accompanying tariff sheets shall be marked to show that they were approved by Resolution G-2869.
3. Southern California Gas Company and San Diego Gas and Electric Company shall review their respective Gas Preliminary Statements for compliance with this Resolution. Both companies shall file advice letters to correct noncompliance by May 1, 1989.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California 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.