

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION G-2874
MAY 10, 1989.

R E S O L U T I O N

RESOLUTION G-2874. PACIFIC GAS AND ELECTRIC COMPANY AUTHORIZED TO IMPLEMENT A PILOT GAS STORAGE BANKING PROGRAM PURSUANT TO DECISION 89-02-068 FOR SERVICE ON AND AFTER APRIL 1, 1989. BY ADVICE LETTER 1528-G, FILED MARCH 6, 1989.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) submitted Advice Letter 1528-G on March 6, 1989 to comply with Decision (D.) 89-02-068 in order to implement a pilot program for Gas Storage Banking. PG&E requested approval of the Advice Letter to be effective on February 24, 1989, the issue date of D.89-02-068, with the new service to begin April 1, 1989.
2. This resolution grants the request.

BACKGROUND

1. The Gas Storage Banking program was first authorized in an interim opinion, D.88-11-034, issued November 9, 1988. The service is based on the integrated use of utility pipelines and the cycling capability of their underground storage fields. The program envisions helping the utilities' noncore customers to benefit from seasonal fluctuations in the price of gas consumed in California, while ensuring that the utilities own storage operations on behalf of core customers continue unimpeded.
2. Decision 88-11-034 prescribed a first year pilot program for noncore participation beginning April 1, 1989, followed by a regular program in 1990. Prospective customers would bid for the service. The winning bid price would establish the monthly reservation fee for the banking service.
3. Decision 88-11-034 directed PG&E and Southern California Gas Company (SoCal) to submit implementation plans containing proposed additions to or modifications of the preliminary statements, rules and tariffs, the charge calculations, service contract forms, and a detailed bidding package.

4. Interested parties submitted written comments on the implementation plans. Subsequently, the Commission Advisory and Compliance Division (CACD) Energy Branch held workshops to resolve the issues raised by the participants. The participants and the utilities submitted final, written comments to CACD.

5. CACD submitted the workshop report to the Commission on January 25, 1989. Two decisions followed on February 24, 1989: D.89-02-068, dealing with the workshop issues, and D.89-02-082, addressing applications for rehearing and/or petitions for modification of D.88-11-034.

6. PG&E submitted Advice Letter 1528-G to comply with D.88-11-032, D.89-02-068 and D.89-02-082. Bid packages containing the proposed tariff sheets were mailed to all noncore customers so that they could bid for the service due to begin April 1.

7. Copies of this advice letter were mailed to the gas service list of participating intervenors. No protests to Advice Letter 1528-G were received. However, comments were submitted from the Commission's Division of Ratepayer Advocates (DRA).

DRA COMMENTS

1. DRA submitted comments requesting minor changes to PG&E's Advice Letter. These are outlined below.

2. DRA suggested that PG&E delete references to seasonality in its definition of the banking service found under the Preliminary Statement. By D.89-02-068, the Commission ruled on the seasonality issue for storage banking, finding that noncore customers should be allowed to deposit gas at any time during the year, and that at least UEG and cogeneration customers should be allowed to withdraw gas any time after August 1.

PG&E proposes to revise its definition of storage banking in the Preliminary Statement to read:

"BANKING SERVICE: A service that allows all California noncore customers to deposit specified quantities of natural gas with PG&E and to subsequently withdraw them for use in their facilities in the State of California."

3. A second suggestion from DRA was that PG&E should note in its tariff that wholesale customers do not have to "zero out" their core storage accounts annually, while other customers must do so at the end of the contract term (March 31). PG&E proposes to add the following paragraph to Schedule G-IB -- Experimental Interruptible Banking, under the WITHDRAWALS section:

"A wholesale customer, at the end of the 12-months banking cycle, is entitled to carry forward a quantity of natural gas which does not exceed its core storage allocation plus

10 percent."

4. DRA pointed out that PG&E's proposed definitions of Banking Deposits, Banking Service and Banking Withdrawals under Rule 1--DEFINITIONS, were too restrictive, implying that injections may only be made during the typical injection season and that withdrawals may only be made during the typical withdrawal season. PG&E responded by proposing to delete references to "seasons". In addition, PG&E also proposed to delete "including core-elect" from the definition of Banking Service. Banking Service during the pilot program excludes the core-elect customers from the bidding process. The new language is as follows:

"BANKING DEPOSITS: Quantities of gas credited to a noncore customer's banking service.

BANKING SERVICE: A service that allows all California noncore customers to deposit quantities of gas with PG&E and to subsequently withdraw them for use in their facilities in the State of California.

BANKING WITHDRAWALS: Quantities of gas debited to a noncore customer's banking service."

5. Finally, DRA noted that PG&E omitted a statement about the volumetric delivery charge for wholesale customers, which differs from the noncore volumetric delivery charge because it is not subject to an uncollectibles expense. PG&E responded to this request by proposing to insert a starred footnote to the volumetric delivery charge stating:

"Wholesale customers purchasing Banking Service are not subject to Uncollectible Accounts Expense. The volumetric delivery charge for Wholesale Customers therefore is \$0.01126 per therm per Billing Month."

DISCUSSION

1. CACD has reviewed PG&E's Advice Letter 1528-G and concurs with DRA's comments and most of the subsequent corrections PG&E proposes to make through substitute sheets, as quoted above. Each of these changes will comply with Decision 89-02-068.

2. However, CACD disagrees with PG&E's proposal to footnote the wholesale customer's volumetric delivery charge. This charge should be a separate entry adjacent to the volumetric delivery charge for all other customers and should not appear buried in a footnote at the bottom of the page.

3. In addition, references to seasons still remain in PG&E's Schedule G-IB under the sections describing injections and withdrawals. Decision 89-02-068 provides that injections can occur throughout the year and, during the pilot program, limited off-season withdrawals should be allowed. The decision further requires the utilities to offer complete flexibility in banking deposits and withdrawals under the regular program next year. CACD recommends removal of these references to assure full compliance with D.89-02-068 and to avoid customer confusion.

4. Finally, CACD recommends that PG&E mail any changes made through this Resolution to the Advice Letter service list of interested parties and also to its Pilot Storage Banking Program customers.

FINDINGS

1. All references to seasonality for injections and withdrawals of gas in storage should be deleted from the tariffs, rules, preliminary statement and bidding packages to clarify to all customers that such injections and withdrawals can occur throughout the year, at the discretion of PG&E, if so doing would not jeopardize utility operations.

2. PG&E should note in its tariff that wholesale customers do not have to close their core storage accounts annually as do other customers at the end of the contract term.

3. PG&E should add a second entry under the volumetric delivery charge area of Schedule G-IB stating the amount of the volumetric delivery charge to wholesale customers.

4. PG&E should notice all service list parties and all Pilot Storage Banking Program customers of the tariff sheet changes occurring as a result of this resolution.

May 10, 1989

-5-

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to implement its Pilot Gas Storage Program effective April 1, 1989.
2. Pacific Gas and Electric Company shall submit substitute sheets as discussed above.
3. Advice Letter 1528-G shall be marked effective on April 1, 1989.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 10, 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