

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2888
September 7, 1989

R E S O L U T I O N

RESOLUTION G-2888. PACIFIC GAS AND ELECTRIC COMPANY
IS AUTHORIZED TO TRANSFER DOMTAR GYPSUM, INC. FROM CORE
TO NONCORE GAS SERVICE.

BY ADVICE LETTER 1539-G, FILED ON MAY 11, 1989.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to transfer Domtar Gypsum, Inc. (Domtar) from core to noncore service. Domtar has the technical capability and economic incentive to install and use alternate fuel systems as required for noncore service.
2. This Resolution grants the request.

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 under the following circumstances: a) The customer must be willing to accept a lower priority of service, and, 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. 5).
2. Public notification of this Advice Letter was made by PG&E mailing copies to other utilities, governmental agencies and to all interested parties who requested notification.

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PROTESTS

1. No protests to this Advice Letter have been received.

DISCUSSION

1. Domtar is a gypsum production facility in Antioch, California. The Commission Advisory and Compliance Division (CACD) staff conducted a field investigation of the customer's facilities and determined that it has the technical and economic capability to install facilities capable of using alternative fuel on a sustained basis. CACD believes that this customer would switch to an alternative fuel if this request is denied.

2. CACD has independently evaluated the cost of such facilities using its own computer model developed to analyze requests to transfer from core to noncore service. CACD believes that sufficient economic incentive exists for Domtar to install and use an alternate fuel.

3. Domtar was a core customer before its reassignment agreement with PG&E, therefore, it will not be subject to the noncore to core portfolio switching ban if it should choose to purchase gas from the core portfolio at this time.

4. The accounting consequences of utilities' customers 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 are 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. This is 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.

FINDINGS

1. Domtar meets the conditions required by D.87-03-085 to transfer from core to noncore service.

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2. The accounting consequences of utility customer's 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 1539-G, to reassign Dometar Gypsum, 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 Dometar Gypsum, Inc. as requested in Advice Letter 1539-G.
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 1539-G and its accompanying agreement shall be marked to show that they were approved by Resolution G-2888.
6. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 7, 1989. The following Commissioners approved it:

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

Wesley Franklin
WESLEY FRANKLIN
Acting Executive Director