

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2897
November 3, 1989

R E S O L U T I O N

RESOLUTION G-2897, PACIFIC GAS AND ELECTRIC COMPANY
IS AUTHORIZED TO TRANSFER MERCED COLOR PRESS FROM CORE
TO NONCORE GAS TRANSPORTATION SERVICE.

BY ADVICE LETTER 1553-G, FILED ON SEPTEMBER 5, 1989.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to transfer Merced Color Press from core to noncore gas transportation service. Merced Color Press has the technical capability and economic incentive to install and use an alternate fuel system 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 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).

NOTIFICATION

1. Public notification of this advice letter was made by publication in the Commission calendar, and by PG&E mailing copies to other utilities, governmental agencies and to all interested parties who requested notification.

PROTESTS

1. No protests to this advice letter have been received.

DISCUSSION

1. Merced Color Press is a printing facility in Merced, California. The Commission Advisory and Compliance Division (CACD) 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. Merced Color Press was classified as a core gas customer in the throughput forecast adopted by the Commission for cost allocation in D.89-05-073. 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. This advice letter requests a change in the transportation status, not the purchase of gas.

3. Transferring Merced Color Press from core to noncore may cause a revenue shortfall to the core fixed cost revenue account. The accounting consequences of core to noncore transfers were considered in Resolution G-2796, dated August 24, 1988. Per Ordering Paragraph 2 of G-2796, fixed cost revenue contributions from this customer will continue to be credited to core gas fixed cost account (GFCA) until it is treated as noncore for purposes of cost allocation. In addition, per Ordering Paragraph 3 of Resolution G-2796, the difference between forecasted and actual core gas fixed cost revenues will be recorded in a memorandum account during the interval between cost allocation proceedings.

FINDINGS

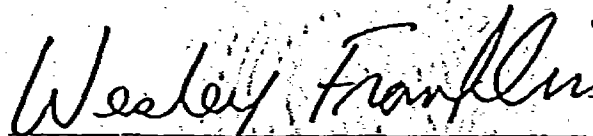
1. Merced Color Press meets the conditions required by D.87-03-085 to transfer from core to noncore gas transportation service.
2. Merced Color Press was a core customer prior to its reassignment agreement, and will not be subject to the noncore to core portfolio switching ban.
3. The accounting consequences of utility customers' conversion from core to noncore were considered by Commission Resolution G-2796, dated August 24, 1988. Fixed cost revenue contributions and shortfalls should be treated in the same manner as specified in Resolution G-2796.
4. This filing will not increase any existing rate or charge, conflict with other schedules or rules, or cause the withdrawal of service.
5. PG&E's request, by Advice Letter 1553-G, to reassign Merced Color Press from core to noncore status is reasonable.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to provide noncore gas transportation service to Merced Color Press as requested in Advice Letter 1553-G.
2. Merced Color Press 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 gas transportation service that such service is interruptible.
5. Advice Letter 1553-G and its accompanying agreement shall be marked to show that they were approved by Resolution G-2897.
6. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 3, 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
Acting Executive Director