PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2902
February 7, 1990

RESOLUTION

RESOLUTION G-2902, PACIFIC GAS AND ELECTRIC COMPANY (PG&E) AND SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) ORDER AUTHORIZING A MASTER EXCHANGE GAS DELIVERY AGREEMENT FOR GAS SERVICE UNDER CONDITIONS OF NORMAL BUSINESS DELIVERIES AND, UNDER SPECIFIED CONDITIONS, "STANDBY" SUPPORT. BY ADVICE LETTERS 1564-G (PG&E) AND 1916 (SOCAL) FILED NOVEMBER 16, 1989.

SUMMARY

1. PG&E and SoCal have negotiated a new Master Exchange Gas Delivery Agreement (Agreement) to replace 23 existing agreements which provide gas service to California customers under normal business conditions. The Agreement also provides, under specified conditions, "standby" support between the two utilities at locations where such deliveries are the most feasible means of serving the customer and providing normal business deliveries.

2. This Resolution authorizes PG&E and SoCal's joint request for approval of the Agreement.

BACKGROUND

1. The last agreement between PG&E and SoCal was called the General Service Mutual Assistance Agreement. It terminated May 5, 1988. This filing responds to Ordering Paragraph 2 of Resolution G-2812, dated September 28, 1988, and Ordering Paragraph 5 of Resolution G-2849, dated January 27, 1989,

ordering PG&E and SoCal respectively to negotiate a new agreement.

2. The proposed new Agreement establishes uniform procedures for the exchange of gas between the two utilities. The Agreement supercedes and terminates 23 existing general exchange service agreements covering 39 taps[1] dating between the years of 1949 through 1989 (see Appendix A) and also includes PG&E Schedule G-70, Exchange of Natural Gas with SoCal for Resales Service in Mojave, Lancaster, Palmdale, and Rosamond.

3. This filing is different from the Emergency Assistance Agreement approved by Resolution G-2849, dated January 27, 1989. Resolution G-2849 authorized PG&E and SoCal to provide emergency service and protect conditions of curtailment to the core, Priority 1 and Priority 2A customers. It is unaffected by the Master Exchange Gas Delivery Agreement and remains in effect until terminated by either party on ninety days notice or by Order of the Commission.

4. Agreement Terms and Conditions.

Exchanges. Mutual exchanges of gas eliminate the need for expensive duplication of transmission facilities in adjacent service territory areas. Under the Agreement, exchanges may be either ongoing or temporary.

Ongoing Exchanges. Ongoing gas exchanges occur under circumstances and in localities where the utilities agree that gas service under one utility is best accomplished using gas provided by the other utility.

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1 A tap is a physical connection between a transmission pipeline and the distribution system.

Standby Exchanges. Standby exchanges are interruptible or of a temporary nature, distinct from "ongoing" exchanges. Standby gas exchanges occur in order to avoid curtailments resulting from either (1) a temporary local operating failure, or (2) an instance where the gas requirements *temporarily* exceed the capacity of the utility's local area pipelines.

Standby deliveries accepted by PG&E from SoCal at the Topock Tap (Valve #0.24B) will be under the terms and conditions outlined in Appendix D of the Contract. This is a special agreement concerning the operation of the intertie facilities at Topock between SoCal's 34" Line 3000 and PG&E's 34" Line 300B.

Quantities and Costs. Quantities of gas delivered in any one month under the Agreement shall be returned in the next month or at other times agreed to. A monthly accounting summary will record any month-end imbalance, and redeliveries, during the following month or other mutually agreeable times, shall be adjusted to eliminate any imbalance as soon as it is operationally practical. The delivering party will receive 10¢/decatherm (dth) for gas delivered to the other's system. One exception is that PG&E shall pay SoCal 2¢/dth for gas delivery at the Adelaida Tap, if the corresponding redelivery by PG&E is made at the Atascadero Tap.

Compression Fees. Gas delivered or redelivered to either system is also subject to a compression fee to recover the operational costs of compressing and transporting the gas to particular delivery and redelivery points. Compression fees vary by four zones listed in Section 5.2, Article V of the Contract and range from 0¢ to 15¢ per dth in 5¢ increments, per Zone. These fees may be redetermined any time after two years from the effective date of the Agreement.

Other Conditions. Future additions or deletions will be entered in the List of Contracts and Deviations, subject to Commission authorization, by separate filing. By mutual agreement, all prior agreements listed in Article XIX of the new agreement are terminated and superceded as of the effective date of this Agreement.

Ongoing deliveries are subject to termination only on ninety days notice (Article III, 3.5). Standby deliveries are subject to interruption at any time the Delivering Party judges that service to its own customers or operations would be adversely impacted (Article III, 3.2.b).

The Agreement does not require either party to construct, install, or modify facilities to provide deliveries. If either party is requested to and, in its sole discretion agrees to install any new, additional, or relocated facilities, the facilities cost shall be paid by the requesting party, including indirect expenses, taxes, permits, rights-of-way, cost of licenses, easements, and administrative and general office allocated costs. In addition, the requesting party will pay increased income tax liability resulting from receipt of such funds. If the primary use of the facility is for standby deliveries, the requesting party shall also pay a cost of ownership charge (Article VI).

Disputes involving the term, conditions and implementation under the Agreement will be subject to binding arbitration.

5. These advice letter filings will not increase any rate or charge, conflict with any rule or schedule, nor cause the withdrawal of service.

6. If approved, the Agreement will be added to the List of Contracts and Deviations of both PG&E and SoCal's tariffs.

7. The Agreement would become effective on the first day of the month following Commission approval and written acceptance of Commission approval by the parties. The Agreement will continue in effect until terminated by either party in accordance with the Contract provisions.

8. Advice Letters 1564-G (PG&E) and 1916 (SoCal) were mailed to interested parties, other utilities and governmental agencies.

PROTESTS

1. Protests were received from the Spot Market Corporation (SPOT), an interruptible shipper on PGT; and Salmon Resources Ltd. and Mock Resources Inc. (SALMON/MOCK), marketers.

2. SPOT "takes great exception to (Resolution) G-2849 - if in fact it grants or has granted rights beyond the state of emergency that has now expired."[2] SPOT continues with the following objections:

> "(1) No ongoing deliveries and or exchanges should be allowed;
>
> (2) All unused firm transportation of PGT shall revert back to the interruptible entitlement shippers. This is the FERC's (Federal Energy Regulatory

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2 Resolution G-2849 authorized the Emergency Mutual Assistance Agreement between PG&E and SoCal. See previous reference under Background, Item 3.

Commission) fundamental requirement of open access transportation;

(3) PG&E should not be allowed to make sales outside of its franchised area, especially gas coming from Canada through PGT (Pacific Gas Transmission Company), that would preempt the interruptible shipper's rights;

(4) Any delivery fee should be equal to the interutility charges. Otherwise, they are noncompetitive and discriminate against other shippers and the people of California who could make a better deal by buying spot gas; and

(5) We want assurances that PGT and PG&E are upholding the basic conditions for being an open access carrier. It must be realized that PG&E is the marketing affiliate of PGT, an intrastate pipeline under the jurisdiction of FERC."

Both PG&E and SoCal responded to SPOT's protests regarding the potential abuse of interstate capacity on PGT, which SPOT alleged might occur should the Commission approve the Agreement. PG&E replies that SPOT's concern regarding capacity on PGT are without foundation, since deliveries and redeliveries under this Agreement would be provided from PG&E's southern system, fully within California boundaries.

SoCal responded that the Agreement does not "attempt to allocate any capacity rights on interstate pipelines. Because SoCalGas has no capacity rights on the PGT pipeline and must repay PG&E an equivalent volume of gas, there will be no overall effect on capacity utilization on PGT."

SoCal added that SPOT's objections are wholly unrelated to the Agreement. It states that "(t)his Agreement provides for temporary exchange of gas only. It is not a supply arrangement. PG&E will not be making any sales under this agreement."

3. SALMON/MOCK protested the Agreement on the appearance that it was executed to permit the utilities to circumvent the rates and conditions of the interutility transportation program that was adopted by the Commission in Decision (D.) 87-05-069. Coupled with SPOT's concern about fees and costs, SALMON/MOCK's primary concern is how the "exchanges" are any different from interutility transportation and why PG&E and SoCal should not be obliged to pay the same default rates as third party transporters.

SALMON/MOCK also questioned value of the priority for exchanged gas with the priority of interutility transportation volumes. It is concerned that the exchanged gas will take precedence over the interutility transportation volumes, effectively bumping these volumes from the system. SALMON/MOCK requests that the Commission reject both advice letters and instead convene a workshop or hearing to address the issues raised by the exchange agreement.

Both PG&E and SoCal argued that the Agreement provides for "ongoing" and "standby" types of gas exchanges, emphasizing that this service is distinct and apart from interutility transportation service. PG&E stated that:

> "(u)nder an ongoing exchange, one utility delivers gas to an interconnection with the other utility. The other utility then provides gas service to its customers through distribution facilities. This type of exchange takes place when customers and the distribution facilities of one utility are more easily and efficiently

> served through the transmission facilities of the other utility."

SoCal concurred with PG&E's description and explained further that:

> "a standby exchange will occur only when an *emergency condition* exists which will result in curtailment of one or more customers in the absence of the standby exchange."(Emphasis added.)

DISCUSSION

1. SPOT, an interruptible shipper on PGT, is primarily concerned that Commission approval of the Agreement will serve to disadvantage the interruptible shipper's ability to use interstate capacity on PGT, and wants assurances that "PGT and PG&E are upholding the basic conditions for being an open access carrier", stating that "PG&E is the marketing affiliate of PGT, an intrastate [sic] pipeline under the jurisdiction of FERC." A few misconceptions by SPOT need to be clarified.

On June 28, 1989 Pacific Gas Transmission Company (PGT) filed tariff sheets (RP89-200) with the FERC for authority to implement firm and interruptible transportation on an open access basis pursuant to the Natural Gas Policy Act (NGPA), Section 311. On January 24, 1990 the FERC approved PGT's application.

PGT is an affiliate of PG&E, but PGT is an interstate pipeline under FERC jurisdiction; PG&E is an intrastate pipeline under CPUC jurisdiction.

Both PG&E's and SoCal's intrastate transmission pipelines are wholly subject to CPUC jurisdiction. Under the Hinshaw Amendment to the Natural Gas Act (NGA, added in 1954, as Section 1(c) (15 U.S.C.§717(c)) PG&E and SoCal are subject to CPUC regulation, not the FERC. The Hinshaw Amendment exempts a company or its facilities, if the gas is received at or within the boundary of a state and ultimately consumed within the same state, provided that the rates and service of the company and its facilities are subject to regulation by a state commission. Both SoCal and PG&E receive gas at or within the boundary of California and their gas is consumed wholly within California.

2. SPOT argues that CPUC approval of the Agreement would allow capacity reserved for PG&E to be used indirectly by SoCal and that it would allow PG&E to expand the use of its firm transportation capacity on PGT, which would otherwise revert to the other interruptible shippers.

The PG&E gas transmission system has two arteries of supply: deliveries of Canadian supplies from PGT to PG&E at the northern California border near Malin, Oregon, and deliveries from El Paso Natural Gas Company (El Paso) to PG&E, at the southeastern California border, at Topock. PG&E's northern gas flows south from the border towards the San Francisco Bay area. PG&E's southeastern gas flows west from Topock and then north, towards the San Francisco Bay area.

Under the current arrangement of compressors, PG&E's northern gas received from PGT cannot and does not flow south beyond the San Francisco Bay area to supply the southern part of PG&E's gas service territory, because of the counter flow of gas coming west to Bakersfield and then north through Fresno via PG&E's southern transmission system.

The Commission Advisory and Compliance Division (CACD) has reviewed all the Master Exchange Agreement Tap Information sheets (see Appendix A) and confirms that in every case, the supply exchanges of the Agreement would occur only along the southern system where the service territories of PG&E and SoCal meet. None of the exchanges would occur along the northern system physically supplied to PG&E by PGT at the border.

3. SPOT is concerned that the Agreement would allow additional firm capacity to be used by PG&E under the guise of an exchange to SoCal, capacity which otherwise would be used by an interruptible shipper on PGT.

CACD requested PG&E to provide recent information on the average daily volumes of "ongoing" exchanges delivered to PG&E by SoCal and those delivered to SoCal by PG&E. (See Appendix B). The volumes of gas exchanged on an ongoing basis from January through October, 1989 show that *SoCal* on average provided more exchange gas than did PG&E by roughly 2,500 Mcf/d (Thousands of cubic feet/day). Firm capacity does not appear to be disappearing from PG&E to benefit SoCal. Moreover, total capacity for California is 4,660 MMcf/d: PG&E has 2,160 MMcf/d and SoCal has 2,500 MMcf/d. Total average daily exchanged volumes for <u>either</u> utility is 8,600 Mcf/d, a ratio of 3 to 1000. The exchanged volumes are trivial to either system.

If PG&E had the intrastate transmission capability *to reach* its distribution areas without SoCal's assistance, PG&E's "overall" system capacity requirements would be greater and, therefore, would reduce the currently available capacity for SPOT and other interruptible shippers. CACD concludes that PG&E is not using additional PGT capacity to supply exchanges of gas to the service territory adjacent to SoCal, where the Agreement taps are located.

4. SPOT's additional concern is that approval of the Agreement would allow sales of gas outside PG&E's service territory. CACD

agrees with SoCal's response to this concern that sales are not occurring under the Agreement. The exchanges are transfers of gas from the transmission system of one utility to the distribution system of the other. The service territories remain intact and each utility is selling gas to their own, respective customers. The transactions exchange gas; money is exchanged only to equalize differences in exchange service and compression costs.

5. Both SPOT and SALMON/MOCK question why these exchanges should not be subject to the interutility tariffs. Both protestors claim that these agreements appear to permit the utilities to circumvent the rates and conditions of the interutility program adopted by D. 87-05-069.

COSTS

The interutility gas transportation program provides transportation to any shipper which wishes to transport gas through one utility's system from an interstate pipeline, other local distribution company (LDC), or California gas·well to another LDC for its own use or on behalf of any customer for use within the State of California.

Interutility gas transportation is an unbundled service[3] available from PG&E or SoCal. The rate from SoCal's system is 10¢/dth. The rate on the PG&E system varies from 11¢/dth to 19.6¢/dth (See Appendix C), depending where the transport origination point occurs.

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3 An unbundled service segregates commodity costs from other components of total cost, such as transportation or storage.

The proposed rates for the exchanges outlined by the Agreement between SoCal and PG&E are 10¢/dth for the exchange <u>plus</u> compression fees. The compression fees would vary by zone (See Appendix A):

Zone 1: 0¢/dth at Topock only;
Zone 2: 5¢/dth between Pisgah and Needles;
Zone 3: 10¢/dth between Bakersfield and Pisgah; and
Zone 4: 15¢/dth between Fresno and Bakersfield or along the coast toward Morro Bay.

When asked about the development of the zone fees, PG&E responded that the fees were mutually agreed to by both PG&E and SoCal and that they were based on system average costs for compression, stemming from a survey done in 1983.

The gas exchanges plus compression fees do not circumvent the interutility rates for transportation. A single example comparing interutility transport versus an exchange between PG&E and SoCal should resolve the issue of cost.

If a SoCal, noncore transporter were to request interutility transportation from PG&E, off of the northern PG&E system (Line 400), to the Kettleman area (near Fresno), PG&E would charge 19.6¢/dth (See Appendix C). Conversely, the rate SoCal would pay PG&E to exchange gas at the same Kettleman intertie is 25.0¢/dth. (10¢ for the exchange service plus 15¢/dth compression. CACD could not construct any instance where an interutility transportation customer would pay more than either PG&E or SoCal would pay to exchange gas at any of the taps. The costs charged individual customers using interutility transportation are consistently less than what each utility charges to exchange gas under the Agreement.

PRIORITIES

SALMON/MOCK also questions the priority value of the exchanged volumes with interutility transport volumes. The priority of interutility gas (noncore gas transported over one system to a customer in the other system) is lower than that of all other customers on the utility's system. Priority among all interutility transporters as a group is based on the rate paid for service under the tariff.

The exchanged volumes between PG&E and SoCal are small, typically providing gas to residential and small commercial customers, P1-P2A. However, noncore customers of each respective utility also receive gas through the Agreement. Interutility volumes are permitted only after a utility's P-5 customer volumes are transported.

Since the exchanges are consistently costlier than the interutility transportation volumes, CACD suggests that a price for a higher priority has been paid by the utility exchanges. This may appear to be discriminatory to each utility's respective customers, but the benefit is that all the rates would be much higher if each utility had constructed duplicate transmission capacity to each of the distribution taps.

Conversely, a priority charge to equalize interutility transportation with other types of transportation or exchanges cannot be addressed until hearings and a decision is rendered in Order Instituting Investigation (OII) 88-08-018 on procurement and reliability issues.

6. CACD had difficulty finding Commission records of each of the exchanges and agreements identified under the Master Exchange

Agreement. Some of the agreements were listed in the tariff sheets listing Contracts and Deviations, others were not; some were ordered by Commission decision or resolution, others were not. The proposed Master Exchange Gas Delivery Agreement advice letter filings have organized and updated all of the existing exchange agreements between PG&E and SoCal. It should be noted for the record that the agreements have evolved over 40 years and have developed for the following reasons:

- to accommodate spreading populations;
- to settle territorial disputes;
- to minimize duplication of facilities;
- to provide service to remote areas; and
- to comply with Commission decisions and resolutions.

CACD believes that these advice letter filings are complete and serve to clarify the history and the spotty record of all the exchange agreements between PG&E and SoCal.

These filings comply with Ordering Paragraph 2 of Resolution G-2812 and Ordering Paragraph 5 of Resolution G-2849, ordering PG&E and SoCal respectively to negotiate another agreement.

FINDINGS

1. PGT has applied with the FERC for authority to implement firm and interruptible transportation on an open access basis, pursuant to § 311 of NGPA. The FERC approved this application on January 24, 1990.

2. PG&E and SoCal and their respective intrastate transmission and distribution pipeline facilities are wholly subject to CPUC jurisdiction under the Hinshaw Amendment exemptions of the NGA.

3. Gas supply exchanges between PG&E and SoCal have no capacity impact on the PGT interstate system.

4. Gas supply exchanges between PG&E and SoCal are transactions between PG&E and SoCal and do not constitute sales by one utility to the other utility's customers.

5. The purpose of gas exchanges between PG&E and SoCal is to provide customer service in adjacent service territory areas where the distribution systems of each company are served most efficiently and economically from the transmission system of the other.

6. Gas supply exchanges between PG&E and SoCal are costlier than interutility transportation for any shipper which wishes to transport gas through one utility's system to the other's for use in the State of California.

7. The priority for interutility transporters is lower than all other priorities within a utility's service territory. Gas exchanges pay a premium for priority above interutility transportation. An equal priority for interutility transport gas with utility exchange service gas can only be resolved through OII 88-08-018. This issue cannot be resolved here and remains open before the Commission in the OII.

8. Pacific Gas and Electric Company Advice Letter 1564-G and Southern California Gas Company Advice Letter 1916 comply with Ordering Paragraph 2 of Resolution G-2812 and Ordering Paragraph 5 of Resolution G-2849 respectively, by the submission of a negotiated Master Exchange Gas Delivery Agreement.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company and Southern California Gas Company are authorized to enter into the Master Exchange Gas Delivery Agreement under the provisions of Public Utility Code Section 532.

2. PG&E and SoCal shall file, in accordance with General Order 96-A, a revised List of Contracts and Deviations incorporating the General Service Mutual Assistance Agreement to their respective tariffs and removing all superceded contracts.

3. PG&E Advice Letter 1564-G and SoCal Advice Letter 1916 shall be marked to show that they were approved by Commission Resolution G-2902.

4. This Resolution is effective today.

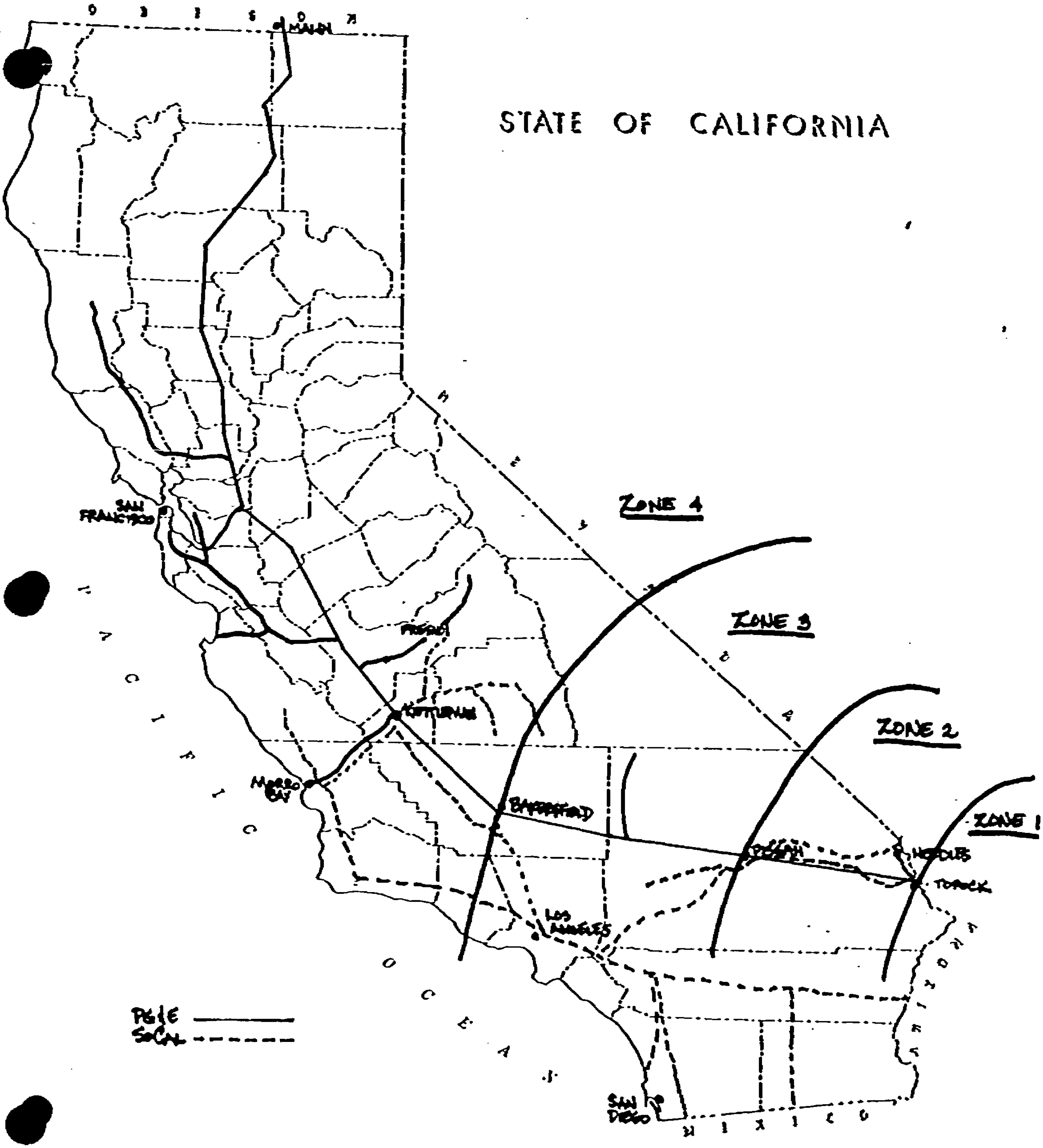
I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 7, 1990. The following Commissioners approved it:

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

Wesley Franklin

Acting Executive Director

APPENDIX A


STATE OF CALIFORNIA
ZONE 4
ZONE 3
ZONE 2
ZONE 1
SAN FRANCISCO
MORRO BAY
BAKERSFIELD
LOS ANGELES
SAN DIEGO
NEEDLES
TOPOCK
PG&E
SoCAL

APPENDIX A

PG&E - SoCalGas

Exchange Tap Information - SORTED BY COMPRESSION FEE ZONE

ZONE	AREA	LOCATION	DELIVER TO	EXCHANGE TYPE	VOL. MAX. (Mcf/day)	DATE	REASONS
1	Topock	Topock (Valve .249)	2-Way	Standby	50-240MMcf	7/13/79	Major Delivery Point
1	Topock	Topock (El Paso)	2-Way	Standby			Major Delivery Point
2	Topock	Needles	SoCal	Standby	160000	8/1/67	SoCal's Compressor
2	Topock	Pisgah	PG&E	Standby	300000	1/8/64	Locked...PCBs
3	Kern	Bakersfield SoCal #4	SoCal	Standby	25000		Manual Op. Reg. Sta.
3	Kern	Bakersfield Station 3	PG&E	Ongoing	240		140 Customers
3	Kern	Bakersfield Palm/Western	SoCal	Ongoing	1 - 73		8 SoCal customers
3	East	Baldy Mesa Rd.	PG&E	Ongoing	84	7/24/89	SWGas Resale
3	Kern	Buttonwillow	SoCal	Standby	225000		Delivery Point
3	Kern	Elk Hills	PG&E	Standby		7/15/80	Navy Production access
3	Kern	Fellows	PG&E	Ongoing	720	10/12/50	Dist. System Supply
3	East	Hesperia	PG&E	Ongoing	16800	11/18/88	SWGas Resale
3	Kern	Kern River (Gosford Intertie)	2-Way	Standby	600000		Primary: Delivery/Backup
3	Kern	Maricopa	PG&E	Ongoing	960	10/12/50	Shell; dist. system
3	East	Mojave	SoCal	Standby	24000	4/1/54	Support standby supply
3	East	Monolith	SoCal	Standby	24000	12/11/56	Support, standby
3	Kern	Oildale (Chester Ave.)	SoCal	Standby	7200	3/1/77	Exchange...both
3	Kern	Palona	SoCal	Standby	55000	7/7/50	Check valves
3	East	Rancho Rd. (Adelanto)	PG&E	Ongoing	16800	7/24/89	SWGas Resale
3	East	Roundup Way (Apple Valley)	PG&E	Ongoing	28800	4/25/88	SWGas Resale
3	East	Smoke Tree Ln.	PG&E	Ongoing	84	7/24/89	SWGas Resale
3	Kern	Taft (Lincoln & Ash)	PG&E	Ongoing		10/12/50	PG&E distribution
3	Kern	Taft	SoCal	Ongoing	72	10/12/50	3 customers
3	East	Victorville	PG&E	Standby	28800	4/25/88	SWGas Resale
4	Coast	Adelaida (San Ardo)	PG&E	Ongoing	7000	3/16/70	Mobil Ex. for Atascadero
4	Coast	Atascadero (Edelman)	SoCal	Ongoing	17000	1/8/64	Paso Robles/San Ardo
4	Fresno	Avenal	PG&E	Standby	2400	3/4/70	Backup Supply
4	Fresno	Burrell Station Intertie	SoCal	Standby	96000	7/24/89	Support SoCal Line 514
4	Fresno	Burrell Area	SoCal	Ongoing	96	10/28/83	Various Customers
4	Coast	Creston	PG&E	Ongoing	4800	11/1/62	Various meters
4	Fresno	Fresno (Elm & South)	SoCal	Standby	48000	7/7/50	
4	Fresno	Kettleman Hills	SoCal	Ongoing		12/29/71	Chevron Production access
4	Fresno	Kettleman Intertie	SoCal	Standby	66500		Delivery point; backup
4	Coast	Morro Bay	SoCal	Standby	124000	9/23/69	UEG support...see quote
4	Fresno	Raisin City	SoCal	Ongoing	672	6/28/49	Regulator Station
4	Fresno	San Joaquin (2 Taps)	SoCal	Ongoing	250	7/7/50	Local Dist. & 1 Industrial
4	Fresno	Selma	PG&E	Ongoing	408	7/7/50	18 Meters
4	Coast	Shandon	PG&E	Ongoing	420	11/1/62	Various meters
4	Coast	Templeton	SoCal	Ongoing	17	11/1/62	Various rural customers

February 7, 1990
Resolution G-2902
PG&E 1564-G/SoCal 1916/awp
SC3:MEXA1.CAL;1/22/90

APPENDIX A

PG&E - SoCalGas
Exchange Tap Information - ALPHABETICAL

	LOCATION		DELIVER TO	EXCHANGE TYPE	VOL. MAX. (Mcf/day)	DATE	ZONE	REASONS	AREA
1	Adelaida	(San Ardo)	PG&E	Ongoing	7000	3/16/70	4	Mobil Ex. for Atascadero	Coast
2	Atascadero	(Edelman)	SoCal	Ongoing	17000	1/8/64	4	Paso Robles/San Ardo	Coast
3	Avenal		PG&E	Standby	2400	3/4/70	4	Backup Supply	Fresno
4	Bakersfield	SoCal #4	SoCal	Standby	25000		3	Manual Op. Reg. Sta.	Kern
5	Bakersfield	Station 3	PG&E	Ongoing	240		3	140 Customers	Kern
6	Bakersfield	Palm/Western	SoCal	Ongoing	1 - 73		3	8 SoCal customers	Kern
7	Baldy Mesa Rd.		PG&E	Ongoing	84	7/24/89	3	SWGas Resale	East
8	Burrell Station Intertie		SoCal	Standby	96000	7/24/89	4	Support SoCal Line 514	Fresno
9	Burrell Area		SoCal	Ongoing	96	10/28/83	4	Various Customers	Fresno
10	Buttonwillow		SoCal	Standby	225000		3	Delivery Point	Kern
11	Creston		PG&E	Ongoing	4800	11/1/62	4	Various meters	Coast
12	Elk Hills		PG&E	Standby		7/15/80	3	Navy Production access	Kern
13	Fellows		PG&E	Ongoing	720	10/12/50	3	Dist. System Supply	Kern
14	Fresno	(Elm & South)	SoCal	Standby	48000	7/7/50	4		Fresno
15	Hesperia		PG&E	Ongoing	16800	11/18/88	3	SWGas Resale	East
16	Kern River (Gosford Intertie)		2-Way	Standby	600000		3	Primary: Delivery/Backup	Kern
17	Kettleman Hills		SoCal	Ongoing		12/29/71	4	Chevron Production access	Fresno
18	Kettleman Intertie		SoCal	Standby	66500		4	Delivery point; backup	Fresno
19	Maricopa		PG&E	Ongoing	960	10/12/50	3	Shell; dist. system	Kern
20	Mojave		SoCal	Standby	24000	4/1/54	3	Support standby supply	East
21	Monolith		SoCal	Standby	24000	12/11/56	3	Support, standby	East
22	Morro Bay		SoCal	Standby	124000	9/23/69	4	UEG support...see quote	Coast
23	Needles		SoCal	Standby	160000	8/1/67	2	SoCal's Compressor	Topock
24	Oildale	(Chester Ave.)	SoCal	Standby	7200	3/1/77	3	Exchange...both	Kern
25	Paloma		SoCal	Standby	55000	7/7/50	3	Check valves	Kern
26	Pisgah		PG&E	Standby	300000	1/8/64	2	Locked...PCBs	Topock
27	Raisin City		SoCal	Ongoing	672	6/28/49	4	Regulator Station	Fresno
28	Rancho Rd.	(Adelanto)	PG&E	Ongoing	16800	7/24/89	3	SWGas Resale	East
29	Roundup Way	(Apple Valley)	PG&E	Ongoing	28800	4/25/88	3	SWGas Resale	East
30	San Joaquin	(2 Taps)	SoCal	Ongoing	250	7/7/50	4	Local Dist. & 1 Industrial	Fresno
31	Selma		PG&E	Ongoing	408	7/7/50	4	18 Meters	Fresno
32	Shandon		PG&E	Ongoing	420	11/1/62	4	Various meters	Coast
33	Smoke Tree Ln.		PG&E	Ongoing	84	7/24/89	3	SWGas Resale	East
34	Taft	(Lincoln & Ash)	PG&E	Ongoing		10/12/50	3	PG&E distribution	Kern
35	Taft		SoCal	Ongoing	72	10/12/50	3	3 customers	Kern
36	Templeton		SoCal	Ongoing	17	11/1/62	4	Various rural customers	Coast
37	Topock	(Valve .248)	2-Way	Standby	50-240MMcf	7/13/79	1	Major Delivery Point	Topock
38	Topock	(El Paso)	2-Way	Standby			1	Major Delivery Point	Topock
39	Victorville		PG&E	Standby	28800	4/25/88	3	SWGas Resale	East

February 7, 1990
Resolution G-2902
PGE 1564-G/SoCal 1916/avp
SC3:HEXA.Cal:1/22/90

APPENDIX B

PG&E "ONGOING" Deliveries To SoCal
January Thru October - 1989

Location	Daily Average Delivery Mcf	Dth
Atascadero[4]	7,278	7,642
Bakersfield-Palm & Western	1	1
Burrell/Raisin	44	46
San Joaquin	11	12
Templeton Area	13	14
Kettleman Hills[5]	38	40

SoCal "ONGOING" Deliveries To PG&E
January Thru October - 1989

Location	Daily Average Delivery Mcf	Dth
Adelaida[6]	5,692	5,977
Bakersfield-Stockdale & Allan	65	68
Creston/Shandon Area	6	6
Hesperia (SoWestGas)	91	95
Maricopa	81	85
Round Up Way (SoWestGas)	2,948	3,095
Selma Area	3	3
Taft/Fellows Area	918	964

Note: CACD information request received 1/9/90 from PG&E.

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4 Net deliveries to SoCal in Paso Robles area are 1,586 Mcf/day.

5 PG&E's Kettleman Hills contracts terminated September, 1989.

6 Net deliveries to SoCal in Paso Robles area are 1,586 Mcf/day.

SCHEDULE G-INT--INTERUTILITY TRANSPORTATION SERVICE (N)

APPLICABILITY: Schedule G-INT applies to interutility transportation of natural gas. Transportation under Schedule G-INT is available to any shipper who wishes to transport gas through PG&E's system from an interstate pipeline, other local distribution company, or California gas well to another local distribution company outside PG&E's gas service territory for its own use or on behalf of any customer solely for use within the State of California.

TERRITORY: Schedule G-INT applies to transportation service from and to the specific locations listed below.

RATES: If you take service under G-INT, you will pay the following charges for gas transportation. As shown below, your rates will differ depending upon where your gas is received into or is delivered from PG&E's system.

	$/Therm					
To:	Near Topock	Kettleman	Kern River	Valve 0.248	Near Blythe	Near Needles
From:						
Near Malin	0.01500	0.01960	0.01960	0.01500	0.01500	0.01500
Near Topock	-	0.01100	0.01100	-	-	-
Calif. Production off:						
Line 400	0.01500	0.01960	0.01960	0.01500	0.01500	0.01500
Line 300	0.01100	0.01100	0.01100	0.01100	0.01100	0.01100

Note: Rates different than those shown above may be negotiated. Any negotiated interutility transportation rate can not be less than PG&E's short-run variable cost of providing service nor more than the short-run variable cost plus the ceiling rates shown above.

Added to your transportation charge will be any applicable costs, taxes and/or fees. Such charges may include, but are not limited to, interstate pipeline surcharges.

Effective March 1, 1987, a per-therm standby charge shall be applied to all gas transported via the El Paso Natural Gas Company (El Paso) system, except as indicated below.

Standby Surcharge, per therm $0.00297

STANDBY CHARGE: Per settlement of FERC Docket No. RP86-45-000, El Paso instituted a standby surcharge that is applied to all gas transported via the El Paso system except in certain cases which are outlined in El Paso's tariff, Rate Schedule G (General Service--California).

SHRINKAGE: Incremental fuel use and lost and unaccounted-for gas will be deducted from the quantities of natural gas received at the Point of Receipt as specified in your service agreement or may be negotiated as a separate identifiable rate component.

PRIORITY OF SERVICE: Shippers taking service under this schedule will have a curtailment priority lower than all customers taking sales and/or intrautility transportation service on the PG&E system. Priority among shippers on this tariff will be based on the rate paid for service under this tariff.

CURTAILMENT OF SERVICE: Service under this schedule may be curtailed because of capacity, supply, or local operating constraints. PG&E shall be the sole judge of whether it has sufficient capacity transport gas. (N)

(Continued)

SCHEDULE G-INT--INTERUTILITY TRANSPORTATION SERVICE

(Continued)

CURTAILMENT OF SERVICE: (Cont'd.)

In a capacity shortage, PG&E shall have the right to curtail the shipper's transport service so that it might serve customers with higher priority classifications. In such a case, the shipper will be served before other shippers paying lower rates for transport service. If two or more shippers are paying the same rate then each shipper will be curtailed on a pro-rata basis.

If the California Public Utilities Commission declares that a supply-shortage emergency exists, gas delivered to PG&E for transport to the shipper may be diverted to PG&E customers (both regular sales and intrautility transport) having the Priority classifications 1 and 2.

PG&E, at its reasonable discretion, may curtail its receipt of the shipper's gas if accepting the shipper's gas for transport would obligate PG&E to purchase gas it would not purchase otherwise, or operate its system any differently.

PG&E shall give the customer as much notice of an impending curtailment as is reasonably possible under the circumstances at the time.

SERVICE AGREEMENT:

You will be required to sign a "Service Agreement" for service under Schedule G-INT (Form No. 79-730). Any terms and conditions of transport service not covered in this schedule will be detailed in your service agreement. Your agreement may specify negotiated rates that are different from those shown above. In that event, the negotiated rates will apply.

TERM OF SERVICE:

The minimum initial term for service under this schedule will be one month. After the initial term, month-to-month renewal is automatically provided. You must notify PG&E 30 days before the expiration of your service agreement if you wish to cancel the agreement.

(D)