

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2993
July 1, 1992

R E S O L U T I O N

RESOLUTION G-2993, PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS AUTHORIZATION TO TRANSFER SEVENTEEN CUSTOMERS
FROM CORE TO NONCORE GAS SERVICE SCHEDULES.

BY ADVICE LETTERS: 1667-G-A, FILED April 2, 1992; 1691-G,
FILED April 9, 1992; and 1692-G, FILED April 9, 1992.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to transfer 17 core customers to noncore service. This resolution approves the transfers and requires PG&E to report the resulting revenue shortfall for the twelve months ended December 31, 1991 in its next Biennial Cost Allocation Proceeding (BCAP). At that time the Commission will determine whether and in what manner this shortfall will be allocated to customers.

BACKGROUND

1. Pacific Gas and Electric Company (PG&E) requests authority to transfer 17 core customers to noncore service. By the three Advice Letters 1667-G-A, 1691-G and 1692-G, PG&E has submitted signed agreements completed by the utility and 17 customers. These are tabulated in Appendix A. These three Advice letters seek to reclassify 17 core customers to noncore status (Schedule GNR-2) for a one year period. PG&E states that all the agreements have been executed on or before August 1, 1991, as provided by Resolution G-2948.

2. Transferring customers from core to noncore status was dealt with in Decision (D.) 87-12-039 (pp. 43-45 mimeo) and further clarified by D.88-003-085 (pp. 13-16 mimeo). Large core customers with usage greater than 20,800 therms per month may transfer to noncore status without installing standby alternative fuel burning equipment provided the following two conditions are met:

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(1) the customer is willing to accept a lower priority of service - from a core priority P2A to a noncore priority P2B; and

(2) the Commission grants an exception from the standby requirement upon a successful showing that the customer "...has the clear technological capability to use alternative fuel and where the cost to do so and then use alternative fuel would be less than the cost of core service" (D.88-03-085, p. 16 mimeo and Ordering Paragraph 6). Exceptions are considered on a case by case basis subject to an annual requalification.

3. Resolution G-2948 mandated many of the practices the gas utilities must use in implementing the new structure of gas procurement. In particular, Resolution G-2948 set a deadline of August 1, 1991 to reclassify customers currently classified as P2A to noncore.

4. The Commission lifted the August 1, 1991 deadline for processing requests for transferring from core to noncore. D.91-12-017, dated December 20, 1991 (p. 43 mimeo) states:

In adopting this treatment for P2A core/noncore transfers, there is no further need to hold in abeyance the processing of transfer applications received subsequent to the temporary August 1, 1991 deadline specified in Resolution G-2948.

5. These filings will not increase any other rate or charge, conflict with other schedules or rules, or cause the withdrawal of service.

6. PG&E requests that each of these advice letters become effective as shown on Attachment A.

PROTESTS

1. In accordance with General Order 96-A, PG&E has mailed copies of these advice letters and related tariff sheets to other parties shown on an attachment to the advice letters.

2. No protests have been received by Commission Advisory and Compliance Division (CACD).

DISCUSSION

1. CACD has reviewed these agreements and has found that all customers satisfy the requirements for noncore service as required by D. 87-12-039, modified by D. 88-03-085. Our review indicates that these customers have the technical capability and economic incentive to install and use alternative fuel systems. CACD has evaluated the cost of such facilities and believes that

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a sufficient economic incentive exists for the applicants to install and use alternative fuel should they not be offered noncore status. They should thus be permitted noncore gas service, because they meet the requirements.

2. An issue raised by these Advice Letters is how the revenue shortfall resulting from the rate reduction accompanying the change from core to noncore status during 1991 should be resolved. A revenue shortfall results from the transferring of core customers to a noncore status between BCAP proceedings where cost allocations are set. Unless PG&E credits the seventeen noncore customer fixed cost revenue to the core balancing account (Core Fixed Cost Account) PG&E would recover its fixed cost revenues twice, to the detriment of core customers.

3. The revenue shortfall has been estimated to in excess of \$3.3 million. CACD recommends that PG&E be required to file in its next BCAP a report on these seventeen customer showing the revenue shortfall resulting from these customers being transferred from core to a noncore status during the twelve month period ended December 31, 1991. That proceeding will address whether, and in what manner, this shortfall will be allocated to customers.

4. The 17 customers who have qualified to move from core to a noncore status should be advised that they will be required to requalify on an annual basis and that noncore status is subject to curtailment.

FINDINGS

1. The applications for transferring from core to noncore service under the above Advice Letters show that all customers have met the conditions required by D.87-12-03 (pp. 43-45 mimeo) as modified by D.88-03-085 (pp. 13-16 mimeo, and Ordering Paragraphs No. 6 & 7).

2. The transfer of 17 customers from the core to a lower noncore rate schedule will produce a revenue shortfall for the year ended December 31, 1991.

3. PG&E should be required to file a report identifying the total revenue shortfall resulting from 17 core customers transferring from a core to a noncore status during the 12 months ended December 31, 1991.

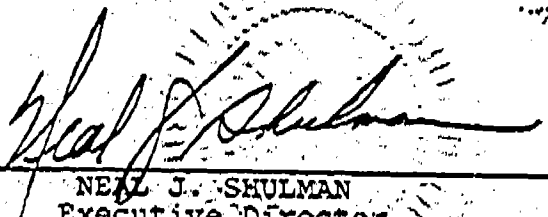
4. PG&E shall remind all customers requesting noncore service that they must requalify annually and that they are subject to curtailment.

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THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to provide noncore gas service to the 17 customers listed in Attachment A effective on the dates listed in Attachment A.
2. Pacific Gas and Electric Company shall file in its next Biennial Cost Allocation Proceeding a report identifying the total revenue shortfall resulting from these 17 core customers transferring from a core to a noncore status during the 12 months ended December 31, 1991.
3. Advice Letters 1667-G-A, 1691-G, 1692-G and accompanying agreements shall be marked to show that they were approved by this Commission as shown in Attachment A.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 1, 1992. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

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ATTACHMENT A

List of Customers Approved for Reclassification

Customers that passed the economic test and are approved to transfer to noncore status:

<u>Customer</u>	<u>Account Number</u>	<u>Effective Date</u>
<u>BY ADVICE LETTER 1667-G-A:</u>		
Mayfair Packing Company,	FBG SB 92111	11/11/91
Mother's Cake & Cookie Co.	DJL 23 06701	11/11/91
San Francisco French Bread Co.	DPS 16 70651	11/11/91
<u>BY ADVICE LETTER 1691-G:</u>		
Gangi Bros. Packing Company	ZXN SB 92141	10/16/91
Jaswant Bains Dryer	MHP 76 19415	10/16/91
Leprino Food Company	JXV 36 01003	10/16/91
Lockheed Missiles Company	HVV SB 92021/92011	10/16/91
Mariani Packing Company	VHP N1 20001	10/16/91
Mayfair Packing Company #14	VHP N2 10001	10/16/91
Mayfair Packing Company #2	YHP N4 05004	10/16/91
Mayfair Packing Company,	XFN N1 10001	10/16/91
Plaza Farms	LFJ N4 12191	10/16/91
San Francisco Bread Co.	MVP 45 30353	10/16/91
Spaich Farms	BHP 26 22504	10/16/91
Richard Wilbur Ranch	BHP N2 12191	10/16/91
<u>BY ADVICE LETTER 1692-G:</u>		
Foster Farms Dairy	ZXV SB 92311	10/16/91
Foster Farms Turkey Products	4XX N3 18702	10/16/91

End of Attachment