PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2999
JULY 1, 1992

R E S O L U T I O N

RESOLUTION G-2999. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS AUTHORITY TO REVISE ITS "PRELIMINARY STATEMENT PART C GAS ACCOUNTING TERMS AND DEFINITIONS".

BY ADVICE LETTER 1688-G, FILED ON APRIL 2, 1992.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authorization to revise its Preliminary Statement as follows:

> "PRELIMINARY STATEMENT Part C "GAS ACCOUNTING TERMS AND DEFINITIONS" 10. REVENUE REQUIREMENT
> a. Transportation Cost, 2) Pipeline Demand Charges"

This language deletes references to pipelines by name. This would recognise the fact that PG&E does not need advance authorization to purchase natural gas from any interstate pipeline (Decision 91-07-007).

2. This Resolution grants the request.

BACKGROUND

1. As a result of the unbundling of natural gas service by regulations of both the Federal Energy Regulatory Commission (FERC) and the California Public Utilities Commission (CPUC) it is necessary to make language changes in PG&E's filed tariffs to remove inconsistent language which does not conform to the new operating conditions. At present the language infers that only charges from El Paso and Pacific Gas Transmission can be recovered through rates.

2. The present language of PG&E's Preliminary Statement Part C, 10, a, 2), reads as follows:

> Pipeline Demand Charges: Pipeline Demand Charges include El Paso demand Charges and Pacific Gas Transmission Demand Charges.

3. The proposed revision language of PG&E's Preliminary Statement Part C, 10, a, 2), reads as follows:

> Pipeline Demand Charges: Pipeline Demand Charges include fixed demand and capacity charges from FERC-regulated interstate pipelines.

The new language is thus more comprehensive.

NOTICE:

1. Public notice of this filing has been made by publication in the Commission's calendar on April 8, 1992, and by mailing copies to interested parties, adjacent utilities, and government agencies.

PROTESTS

1. No protests to this Advice Letter were received by the Commission Advisory and Compliance Division (CACD).

DISCUSSION

1. Additional and expanded interstate natural gas pipelines under the jurisdiction of the FERC have been or are being constructed for transportation of natural gas to California. These pipelines have either the potential of interconnection or are already interconnected with PG&E's system to provide additional sources for PG&E.

2. The existing tariff language refers only to charges paid by PG&E to El Paso and Pacific Gas Transmission (PGT) Demand Charges and could imply that only such charges are recoverable through rates. In addition to purchases from El Paso and PGT, PG&E is now purchasing natural gas from the Transwestern Pipeline Corporation and may be making purchases from other interstate natural gas pipelines.

3. Language which refers to specific pipeline suppliers of natural gas, when natural gas is being purchased using other pipelines, should be changed to reflect the actual practices of PG&E. The Commission said in Decision (D.)91-07-007 "PG&E does not need the advance approval of this Commission in order to contract with an interstate pipeline for firm transportation of natural gas".

4. The reasonableness of the costs incurred in making the interconnections with and purchases from these pipelines will be subject to Commission review (D.91-07-007).

FINDINGS

1. Regulated utilities should take all appropriate actions to obtain natural gas at the lowest cost.

2. There is no reason to specifically list the FERC pipelines by name in PG&E's tariffs. Naming the pipelines would require changes every time a new pipeline enters service or an existing pipeline changes its name.

3. The reasonableness of all costs incurred by PG&E in making interconnections with other pipelines will be subject to review in a reasonableness review proceeding.

THEREFORE, IT IS ORDERED that:

1. Advice Letter 1688-G shall be marked to show that it was approved by Commission Resolution G-2999

2. This Resolution is not a finding on the reasonableness of any costs incurred by Pacific Gas and Electric Company in obtaining natural gas for its customers.

3. Pacific Gas and Electric Company shall be prepared to demonstrate the reasonableness of all costs incurred in any proceeding in which the reasonableness of costs is being considered.

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