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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3021
DECEMBER 16, 1992

R E S O L U T I O N

RESOLUTION G-3021. PACIFIC GAS AND ELECTRIC COMPANY. SUBMITS PROPOSED TARIFFS AND RULES TO FULLY IMPLEMENT CAPACITY BROKERING RULES CONSISTENT WITH THE PROVISIONS IN DECISIONS 92-07-025 AND 91-11-025.

BY ADVICE LETTER 1714-G, FILED ON AUGUST 12, 1992

SUMMARY

1. By Advice Letter 1714-G, filed August 12, 1992, Pacific Gas and Electric Company (PG&E) requests approval of its proposed tariff schedules and rules to fully implement the Capacity Brokering program set forth in Decision (D.) 91-11-025 and D.92-07-025. PG&E filed supplementary Advice Letter 1714-G-A on October 2, 1992 which supplements and supercedes portions of Advice Letter 1714-G.

2. This Resolution conditionally approves Advice Letter 1714-G except for the rates and service agreements filed therein, pending submittal and approval of compliance tariffs filed pursuant to the modifications ordered in this Resolution. The rates and service agreements contained in Advice Letter 1714-G and 1714-G-A will be reviewed in a subsequent Commission resolution.

3. The services and rates offered in the compliance tariffs will not be available until capacity reallocation programs for El Paso Natural Gas Company (El Paso) and Pacific Gas Transmission Company (PGT) have been authorized by the Federal Energy Regulatory Commission (FERC), the programs are in place, and the contracts between PG&E and its customers for interstate capacity are accepted by the interstate pipelines and effective.

BACKGROUND

1. In the Capacity Brokering policy decision, D.91-11-025, the Commission ordered PG&E, San Diego Gas and Electric (SDG&E) and Southern California Gas Company (SoCalGas) to file pro forma

tariffs for the implementation of capacity brokering[1] of utility interstate pipeline capacity. During subsequent hearings in the Order Instituting Rulemaking (R.) 88-08-018 proceeding, parties discussed potential changes to the pro forma tariffs and resolved outstanding issues. In the Capacity Brokering implementation decision, D.92-07-025, the Commission modified and made additional program changes to D.91-11-025. The utilities were ordered to file tariffs, by August 12, 1992, identical to the pro forma tariffs except to the extent changes were required as set forth in D.92-07-025 or by orders of the FERC.

2. In the event the FERC approves the capacity reallocation programs for one of the following interstate pipeline companies, El Paso, Transwestern Pipeline Company (Transwestern), or PGT, the Commission, by D.92-07-025, directs the utilities to broker their firm interstate capacity rights on that one authorized pipeline pursuant to the provisions of the Capacity Brokering decisions, D.91-11-025 and D.92-07-025. Such a scenario has been termed "partial implementation" of the Capacity Brokering program. Partial implementation of Capacity Brokering requires tariffs to be modified to the extent that the utility would operate with two sets of rules: one set would govern brokering of firm interstate capacity over a <u>single</u> serving interstate pipeline, the other set would be the existing rules for customers receiving service over the "unbrokered" interstate pipelines. Full implementation of the Capacity Brokering program would occur following FERC approval of capacity reallocation over all interstate pipelines serving a utility. In addition, full implementation would require many modifications to the utilities' existing tariffs.

3. On August 12, 1992, PG&E filed Advice Letter(A.L.) 1714-G in compliance with D.92-07-025. The Commission Advisory and Compliance Division (CACD) reviewed A.L. 1714-G and requested PG&E to file a supplemental advice letter containing additional tariff schedules, revised rates, and service agreements not included in A.L. 1714-G.

4. On October 2, 1992, PG&E filed A.L. 1714-G-A as requested by CACD to supplement and supercede in part A.L. 1714-G.

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1 "Capacity Brokering" refers to the method of soliciting pre-arranged deals for interstate pipeline capacity. These pre-arranged deals are subject to a second round of bidding after the pre-arrangements are posted on the interstate pipeline's electronic bulletin board. This second round of bidding is known as capacity reallocation and is under the jurisdiction of FERC.

5. In its review, CACD determined that PG&E had not filed proposed tariffs for partial implementation. CACD requested PG&E to file, by separate advice letter, its proposed tariff schedules and rules under partial implementation of the Capacity Brokering program. PG&E filed A.L. 1720-G on September 11, 1992, as requested by CACD.

6. This Resolution addresses PG&E's A.L. 1714-G and supplemental filing A.L. 1714-G-A (A.L. 1714) which incorporates full implementation of the Capacity Brokering program with the exception of intrastate rates and service agreements which will be reviewed in a subsequent Commission resolution. CACD will address PG&E Advice Letter 1720-G in a separate resolution at a later date.

NOTICE

1. Public notice of A.L. 1714 was made by publication in the Commission calendar, and by PG&E's mailing copies to the service list of R.88-08-018 and to all interested parties who requested notification.

PROTESTS

1. The Energy, Minerals and Natural Resources Department and the State Land Office of the State of New Mexico (New Mexico) protested A.L. 1714-G on September 1, 1992. PG&E responded to New Mexico's protest on September 10, 1992.

2. Access Energy Corporation (Access) protested A.L. 1714-G on September 1, 1992. PG&E responded to Access' protest on September 10, 1992.

3. The Indicated Producers protested A.L. 1714-G on September 1, 1992. PG&E responded to Indicated Producers' protest on September 10, 1992.

4. The California Industrial Group, California Manufactures Association, and California League of Food Processors (collectively known as CIG), protested A.L. 1714-G on August 31, 1992. PG&E responded to CIG's protest on September 10, 1992.

5. The California Cogeneration Council (CCC) protested A.L. 1714-G in a letter dated September 1, 1992. Due to PG&E's late receipt of the CCC protest, PG&E filed its response to CCC's protest on September September 21, 1992.

6. The California Gas Marketers Group (Marketers Group) protested A.L. 1714-G on September 1, 1992. PG&E responded to the Marketers Group's protest on September 14, 1992.

7. On October 22, 1992, CIG protested PG&E's supplemental A.L. 1714-G-A. PG&E responded to CIG's protest on October 30, 1992.

I. Core Aggregation Program

Access claims that PG&E proposes to incorrectly determine the monthly allocation of capacity to core transport aggregators(CTA's). According to Access, PG&E assigned capacity using a simple mathematical formula that did not take into account the varying load profiles of the individual end users comprising a CTA Group. Access proposed that the monthly assignment to the CTA reflect the CTA Group's aggregate historical usage for the month in question.

Access argues that CTA's should be allowed to elect the extent to which a CTA will accept an allocation from PG&E, before the allocation is made. In Ordering Paragraph (O.P.) 20 of D.92-07-025, Access believes the Commission intended that CTA's should be able to use alternative available capacity and refuse capacity assignments from PG&E.

The Marketers Group requests that PG&E modify its provisions regarding amortization of the core purchased gas account (PGA). When first developed the amortization period was designed to mirror the utility's one-year amortization period for the core PGA under the Annual Cost Allocation Proceeding process. Now that PG&E uses a Biennial Cost Allocation Proceeding (BCAP), the Marketers Group request that the amortization period be extended to two years. The Marketers Group have made a similar proposal in PG&E's current BCAP, Application (A.)91-11-001.

In response to Access' protest, PG&E notes that capacity allocation assigned to the CTA was approved in D.91-02-040 and was not litigated in the Capacity Brokering proceeding. PG&E believes that the matter should be addressed in another proceeding.

With respect to Access' request to refuse a capacity assignment, PG&E understood that O.P. 20 of D.92-07-025 allowed a CTA to use alternative capacity, but PG&E finds that D.92-07-025 adopted PG&E's proposal for assigning core capacity to the CTA. PG&E believes that D.92-07-025 allows a CTA to broker its direct assignment on the secondary open market and as a result Access' request should be denied.

With respect to the Marketers Group's protest, PG&E noted that the PGA refund is being addressed in PG&E's BCAP and was not a subject of this proceeding.

<u>Discussion</u>

CACD agrees with PG&E that CTAs will be assigned interstate capacity based on the rules in D.91-02-040. CACD believes that the capacity brokering proceeding only intended to modify core aggregators rules to make the program function under FERC Order No. 636 rules. FERC Order No. 636 prohibits direct assignments of capacity without presenting other interested shippers an opportunity to bid on the capacity. The rules adopted in D.91-11-025 and D.92-07-025 modify the rules established in D.91-02-040 to make possible direct assignments of a Local Distribution Company's firm interstate rights. The Commission did not intend to modify the formula for determining how much capacity to assign to a CTA. This issue was not addressed in the Capacity Brokering proceeding.

With respect to Access' request to refuse interstate capacity assignments from PG&E, CACD does not interpret D.92-07-025 to allow this. However, CACD notes that O.P. 20 and Conclusion of Law (C.O.L.) 28 of this decision allow a CTA to secondarily broker its assigned interstate capacity rights. The Commission allowed secondary brokering to help CTA's in using alternative capacity rights. If a CTA wishes to use alternative capacity, it can secondarily broker its direct assignment, recovering part or all of the associated capacity costs. The CTA can then use any interstate capacity it so chooses. The CTA will still be responsible to the utility for all costs associated with the interstate capacity it was assigned.

CACD recommends that Access' protest be denied with respect to its comments on the core aggregation program. However, CACD does recommend that PG&E inform core customers who receive direct assignments, that the customer will be required to sign contracts with interstate pipelines and PG&E for the capacity, be responsible to PG&E for all applicable pipeline demand charges associated with the capacity and be allowed to secondarily broker capacity with the limitations discussed above. PG&E should modify Schedule G-CT, Experimental Core Gas Transportation Service; G-NR3, Gas Transportation Service to Large Nonresidential Core Customers; and other applicable core rate schedules to comport with CACD's request.

As the Marketers Group and PG&E note, the issue of the PGA refund amortization period was addressed in PG&E's BCAP, D.92-10-051. In that decision, the Commission rejected the Marketers Group's request and CACD notices that their protest is inappropriate and should be denied. CACD reminds the Marketers Group, that changes to rules governing core aggregation would require a Petition to Modify of D.91-02-040 and subsequent Commission Action.

II. Interim Guidelines for Partial Implementation

Indicated Producers, CIG and the Marketers Group present concerns with regard to partial implementation of Capacity Brokering.

Indicated Producers raise concerns about PG&E's Proposed Interim Period Guidelines and the blending of the existing rules and service options and those proposed in A.L. 1714-G.

Although CIG appreciates PG&E's efforts to provide an early indication as to its plans in this regard, CIG finds PG&E's summary inadequate for tariff purposes. CIG expressed concerns about the firm surcharge/interruptible credit and abrogating existing utility contracts.

The Marketers Group protests PG&E's interim period guidelines as inadequate because of insufficient details. To resolve issues related to the interim period, the Marketers Group recommends that a workshop be held. In addition, they express concerns about the firm service surcharge/interruptible credit, how interstate pipeline costs will be allocated to core customers, intrastate transportation rates for interruptible service, capacity assignment for core aggregators, and priority of various customer classes for purposes of curtailment.

PG&E responds to CIG, Indicated Producers and the Marketers Group by noting that on September 11, 1992, PG&E would file proposed tariffs for partial implementation.

Discussion

The concerns of the Indicated Producers, CIG and the Marketers Group will be addressed by the Commission in a resolution for A.L. 1720-G and 1720-G-A, which describe PG&E's proposed partial implementation program.

III. Load Aggregation

Indicated Producers note that PG&E did not include in A.L. 1714-G any provision for shippers other than customers to receive unbundled noncore intrastate transmission service on behalf of specified customers, as ordered in Appendix B of Decision 91-11-025. Indicated Producers believe that the utility's treatment of aggregators is an important factor in the competitive marketplace. To this end, Indicated Producers argue that PG&E should be directed to provide tariff schedules, rules, and/or pro forma contracts for shippers who wish to aggregate noncore customer transmission service.

CIG notes that PG&E's tariffs do not contain any provisions to allow shippers to aggregate their own rights when they have several facilities on PG&E's system. CIG requests the Commission to allow customers to aggregate their own rights when they have multiple facilities through tariff language and applicable agreements.

CIG recommends some language changes to the Balancing Service Agreement to limit a customers liability for unpaid imbalance charges.

In responding to CIG's and Indicated Producers' protests, PG&E notes that it did not expressly include in its tariffs the rights of shippers to aggregate use-or-pay and balancing requirements because PG&E intends to handle such options in its standard form contracts. PG&E intends to implement these programs in an expeditious manner.

PG&E also responds that CIG's recommended language for the Balancing Service Agreement is acceptable.

Discussion

CACD agrees with Indicated Producers' and CIG's protest that PG&E should include tariff language explaining what portions of a noncore customer's service can be aggregated. Also, CACD recommends that load aggregation be extended to customers who own multiple facilities, as CIG requested. CACD will address all service agreements in a subsequent Commission resolution.

CACD recommends that PG&E be required to file an advice letter that includes tariff schedules and/or rules describing load aggregation options and any necessary agreements. CACD reminds PG&E that any rules or services offered must have supporting tariff language, and that service agreements are not an acceptable alternative. Further, CACD notes that PG&E did not even file all the necessary agreements to make its load aggregation program operational.

IV. Utility Electric Generation

A. Utility Electric Generation Department Contract

Under Schedule G-EG, PG&E's Electric Generation department is not required to sign a service agreement. The Marketers Group believes that PG&E's electric department should be required to sign a service agreement like all other noncore customers. It notes that the Commission "[h]as stated in numerous decisions that the Utility Electric Generation (UEG) department shall be treated like other noncore customers."

PG&E responds that the section discussing the service agreement did not contain any language changes from PG&E's current Schedule G-UEG. The issue of a service agreement for its UEG was litigated in the Gas Procurement Order Instituting Rulemaking (OIR) (D.90-09-089) and, therefore, remains effective, according to PG&E.

Discussion

CACD finds PG&E's response reasonable. Neither D.92-11-025 nor D.92-07-025 addressed the need for a contract between PG&E and its UEG, and, therefore, CACD recommends that the Marketers Group's protest be denied. However, CACD agrees with the Marketers Group that PG&E's UEG should be treated like all other noncore customers. To ensure that PG&E's UEG is treated like other noncore customers, CACD recommends that imbalance penalty charges mentioned in Schedule G-EG should always apply to PG&E's UEG department.

B. UEG Core Subscription Limitations

In Schedule G-EG, Intrastate Gas Transportation for PG&E's Electric Generation Department, PG&E's UEG is required to reduce its core subscription reservation to zero in the fifth year. CACD recommends that PG&E modify this provision to comport with Conclusion of Law No. 15 of D.91-11-025, which prohibits PG&E's UEG from purchasing any core subscription service in year five.

C. UEG Discounts

CCC requests that cogeneration rate schedules be amended with a provision which ensures that any discount offered to a UEG will also be offered to cogenerators. Appendix B of D.91-11-025 requires any discounts made to UEG interruptible rates to be offered to cogenerators, CCC notes. PG&E has requested the right to discount firm service rates to its UEG in A.92-07-049 and if these discounts are permitted, CCC would want tariff language requiring similar discounts to be offered to cogenerators.

CCC proposes tariff language to accomplish rate parity in D.91-11-025. CCC's proposed language would be inserted in PG&E's Schedule G-CGS at the end of the paragraph entitled "Negotiable Options":

> Any discounts for interruptible or firm service offered to PG&E's electric department shall also be offered to cogenerators.

In responding to CCC's protest, PG&E noted "[t]here is no provision in D.91-11-025, D.92-7-025, or any other decision, allowing PG&E to discount intrastate gas transportation service to its electric department. Until the Commission rules on Application 92-07-049, PG&E cannot discount intrastate gas transportation service to its electric department. PG&E's tariff filing does not require amendment or modification."

Discussion

CACD agrees that PG&E should clarify that rate parity between PG&E's UEG and cogeneration customers will include any discounts obtained by the UEG as stated in Appendix B of D.91-11-025. Therefore, CACD recommends that PG&E insert the language proposed by CCC into PG&E's schedules for cogeneration customers and its UEG.

Further, CACD believes that in order to maintain rate parity, any discounts offered for intrastate transportation service to UEG customers should be offered contemporaneously to cogeneration customers. CACD interprets rate parity to mean that the average rate paid by all UEG customers would be equal to the average rate paid by all cogeneration customers. PG&E should include language in its UEG rate schedule explaining that any discount offered to the UEG for intrastate transportation should be offered contemporaneously to cogeneration customers. CACD also recommends that PG&E be required to file a separate advice letter to accomplish contemporaneous rate parity between UEG class average rates and cogeneration class average rates.

V. Credit for Interstate Pipeline Demand Charges for Long-Term Contract Customers

The Marketers Group argues that the credit given to long-term contract customers should be extended to all customers. The credit is contained in PG&E's tariff GC-2, Long-Term Intrastate Transportation Service, exception number two and is a rate reduction that reflects the amount of interstate pipeline capacity the customer has obtained separate from PG&E. According to the Marketers Group, the credit for pipeline capacity should apply to all customers prior to the onset of the Commission's partial implementation program.

PG&E responded that the Marketers Group did not request any changes to Schedule GC-2, but instead raised concerns regarding the double demand charge issue. PG&E noted that this issue was addressed by D.92-07-025 which established a tracking account for double demand charges and delayed disbursement until further Commission action.

Discussion

In the Marketers Group's protest, CACD finds no request to modify schedule GC-2, but rather a request to modify a Commission decision. The Marketers Group requested that all customers' rates be unbundled and that they be unbundled before partial implementation for those customers who acquire their own interstate pipeline capacity. As PG&E noted in its response, the Commission addressed the issues by establishing "tracking accounts for interstate demand charges paid by noncore customers who do not use utility-held interstate pipeline facilities." (D.92-07-025, p. 53) The Commission clarified its intent in D.92-11-014: "[b]y authorizing the establishment of the tracking account, we merely recognized the doctrine of retroactive ratemaking, and provided parties a vehicle for possible future recovery in their intrastate transportation rate. In D.92-07-025, we deferred determination of the allocation of the tracking account dollars among customer classes pending each utility's cost allocation proceeding."(D.92-11-014, pp. 1-2)

The Marketers Group's protest issue has already been addressed by the Commission and, therefore, CACD recommends that the protest issue be denied.

VI. Excess Core Capacity

D.92-07-025 allows PG&E to broker excess core interstate pipeline capacity; however, Indicated Producers found no such provision in PG&E's tariff Rule 21.1, Use of PG&E's Firm Interstate Rights, which will govern how excess core capacity will be brokered. Indicated Producers expressed concern that core excess capacity may not be assignable at a predictable level because of the core's need for absolute reliability. "Specifically, the Indicated Producers recommend that PG&E prescribe a standard by which it will determine whether or not to broker excess core capacity, the term for which such capacity will be brokered, and a statement describing the level of reliability associated with brokered excess capacity. At a minimum, if PG&E is unable to define contours of the brokering program for excess core capacity, it should make clear in the brokering process whether an assignee will be receiving all or a portion of excess core capacity. In addition, shippers seeking to acquire brokered capacity should be given the opportunity to reject an assignment of excess core capacity in favor of unsubscribed noncore capacity."

PG&E responded that, "Rule 21.1 is intended to describe the mechanisms of brokering interstate pipeline capacity that is not needed by PG&E. This includes capacity in excess of what PG&E needs to serve the core and core subscription classes, as well as capacity that is temporarily excess within the reservation for the core and core subscription classes." PG&E noted that there will be no difference in reliability or service between excess core and noncore capacity as long as the other factors associated with the capacity match a shippers needs. PG&E believed that there was no need to further describe the capacity available for brokering.

Discussion

CACD agrees with PG&E that the utility should not differentiate how it brokers excess core and noncore capacity. CACD recommends that Indicated Producer's protest be denied.

In D.92-07-025, utilities were required to credit, on a pro rata basis, revenues received from brokering excess core and noncore interstate capacity. In its Preliminary Statement, PG&E included entries to allow crediting of excess core and noncore capacity to the Core Fixed Cost Account(CFCA), the Core-Subscription Pipeline Demand Charge (CSPDC) Account and the Interstate Transition Cost Surcharge (ITCS) Account. CACD recommends that PG&E modify these entries to reflect that they are a pro rata share of all revenues received from brokered excess interstate pipeline capacity.

VII. ITCS

CIG protests PG&E's method for calculating and recording stranded pipeline demand charges. According to CIG, PG&E's method will result in noncore customers bearing all stranded pipeline demand charges. In D.92-07-025 C.O.L. No. 12, the Commission allows a portion of the ITCS to be borne by core customers.

Further, CIG believes that PG&E makes premature references in its Preliminary statement about recovering the ITCS from noncore customers because D.92-07-205 allows a portion of stranded interstate pipeline demand charges to be borne by the core.

In its response, PG&E explained that D.92-07-025 required utilities to include stranded costs in its ITCS account for recovery under established ratemaking mechanisms. PG&E explained that the allocation factors used were only for the purpose of recording costs not recorded in the core and core subscription balancing accounts. PG&E notes that the recorded entries in the ITCS account establish the amount of costs to be recovered in the future, not which customers should bear the costs.

<u>Discussion</u>

While CACD agrees with CIG that D.92-07-025 does allow a portion of stranded costs to be allocated to the core, CACD does not agree with CIG's assertion that PG&E's proposed accounting prevents subsequent allocation of costs to the core. CACD notes that D.92-07-025 requires the utilities to establish accounting mechanisms to allow future recovery of stranded costs. CACD believes that PG&E's accounting for stranded interstate pipeline demand charges is reasonable and that CIG's protest be denied.

Unlike SoCalGas and SDG&E, PG&E did not include references in any noncore rate schedule to the ITCS account. CACD interprets D.92-07-025 as requiring references in each noncore rate schedule to the ITCS account and the actual surcharge should appear in PG&E's tariffs. In discussions with PG&E, the utility stated its preference for a single line entry that refers noncore customers to the Preliminary Statement where the ITCS account is detailed. CACD believes that PG&E's proposal is reasonable as long as the utility explicitly states in each noncore rate schedule that each customer will be charged an ITCS and the level of the surcharge is detailed in the Preliminary Statement.

VIII. Firm Surcharge/Interruptible Credit Account

As a result of full implementation of Capacity Brokering, the Firm Surcharge/Interruptible Credit (FS/IC) will be abolished and any balance in the account will be credited to interruptible customers (Service Levels 3 through 5). CIG protests PG&E's tariff provision that states that disposition of the balance is determined in a subsequent BCAP. CIG notes that D.92-07-025 requires PG&E to refund any balance in the account when the full implementation program starts.

PG&E responds that it does not agree with CIG's interpretation of D.92-07-025. In particular, PG&E does not interpret that D.92-07-025 required utilities to refund the balance in the FS/IC account outside of a subsequent BACP. PG&E finds that the decision does not clearly address when the refunds should be distributed and that the BCAP is the appropriate forum. PG&E did agree to clarify its text to assure CIG and others, that PG&E is not attempting to determine the allocation of the balance in the account.

Discussion

CACD does not agree with CIG that D.92-07-025 requires an immediate refund of FS/IC account. Nowhere in D.91-11-025 or in D.92-07-025 does the Commission imply that the balance in the FS/IC account must be distributed outside of a BCAP. In D.92-07-025, the Commission does clarify that the balance must be returned to the customers using the appropriate service when the surcharge was collected. As PG&E agreed to in its response, CACD recommends that tariff language in the Preliminary Statement be changed to assure customers that PG&E is not attempting to determine how to allocate the balance in the FS/IC account. CACD recommends that CIG's protest be otherwise denied.

IX. Full Requirements

CIG argues that PG&E is changing the definition of full requirements. In Schedule G-FTS, Firm Intrastate Gas Transportation Service to Noncore Commercial/Industrial Customers, PG&E proposes that customers taking part of their service under G-ITS, Interruptible Intrastate Gas Transmission Service to Noncore Commercial/Industrial Customers, can not be full requirements customers. Similarly, PG&E proposes to eliminate the full requirements option from schedule G-ITS. CIG notes that the changes to G-FTS were not in PG&E's pro forma tariffs and that the changes to G-ITS are inconsistent with rules adopted in D.90-09-089.

CIG requests that PG&E remove the prohibition from Schedule G-FTS and make full requirements an option in Schedule G-ITS.

PG&E responded that it was not changing the definition of full requirements in policy or position, but instead is attempting to clarify language in PG&E's existing tariffs. PG&E noted that the proposed definition of full requirements prevents customers from using G-ITS, because the definition is based on the fact that all the load at a customer's facility is met by the utility. Service under G-ITS will be the equivalent to Service Level 5 under the current Procurement rules which does not have a full requirements option. Hence, PG&E did not provide full requirements as an option when it developed G-ITS service.

Discussion

A full requirements customer is defined as a customer who uses only utility transported natural gas to meet her fossil fuel requirements. An interruptible customer, by definition, does not have to use utility transported natural gas to meet her fossil fuel needs.

CACD believes that PG&E's changes comport with D.91-11-025, D.92-07-025 and rules established in OIR Procurement proceedings. CACD does not understand what benefit CIG sees in having the full requirements option for an interruptible customer. Under PG&E's proposed interruptible schedule, G-ITS, no penalties are applied to customers based on usage which is the applicable penalty that is waived for customers using the full requirements option and firm service. CIG asked for a service option that does not provide any benefits.

In addition, CIG's argument shows a misunderstanding of the definition of full requirements and its request for full requirements for interruptible customers would not follow the definitions, services and options the Commission has adopted in both Capacity Brokering and OIR Procurement proceedings. CACD recommends that CIG's protest be denied with respect to full requirements.

In PG&E's core subscription rate schedule, PG&E included two 14% penalties for customers who fail to curtail service during a curtailment. One of the penalties was to be applied to the procurement portion of core subscription and the other for transporting gas during a curtailment. While a curtailment penalty has been authorized for customers who cease to transport gas during a curtailment period, the Commission has not authorized a curtailment penalty for the procurement portion of core subscription. CACD recommends that PG&E be required to eliminate the 14% curtailment penalty related to procurement and move the 14% penalty for transporting gas to the applicable transportation schedule.

X. Curtailments

A. Curtailment Blocks

Indicated Producers requested clarification of the justification for moving customers among the rotating blocks in PG&E's proposed tariffs and when such moves might take place. Indicated Producers were interested in seeing nondiscriminatory rules.

PG&E responded that customers would only be moved when changes in customer usage result in blocks that are no longer of equal demand. PG&E anticipated that such moves would most likely occur after a biennial open season.

Discussion

CACD recommends that PG&E address the Indicated Producers concerns by expanding PG&E's tariff language describing curtailment blocks for firm noncore customers. CACD would require PG&E to describe how customers would be placed in blocks, how PG&E will randomize the customer location in the curtailment queue and under what conditions PG&E will move customers between blocks.

B. Discounted Interruptible Rates and Curtailments

CCC found PG&E's definition for the "percentage of default rate" inadequate. It believes the definition should be included in Rule 1 of A.L. 1714-G. In addition, CCC suggested a methodology or definition: The percentage of default rate should be calculated by dividing the average rate paid by the customer by the average rate the customer would have paid absent any discounts. CCC provided exemplary tariff language.

PG&E does not object to defining "percentage of default rate," however, PG&E does object to CCC's proposed definition. According to PG&E, CCC's definition is confusing and complex. PG&E believes that CCC was inaccurate in its use of terms and should not include fixed charges. PG&E suggested that percentage of default rate should be the rate specified in the customer's Natural Gas Service Agreement divided by the tariff rate specified in the customer's applicable rate schedule. PG&E also suggests that the definition more appropriately belongs in Rule 14, Interruption or Curtailment of Natural Gas Service.

Discussion

In meetings with CACD, PG&E proposed a methodology for calculating an interruptible customer's percent of default rate. PG&E's proposed methodology is based on only those volumetric transportation charges subject to discounting. CCC's proposed methodology is based on both fixed and volumetric charges. CACD agrees with CCC that the percent of default rate should be based on the total of both fixed and volumetric charges. CACD also believes that all utilities should use the same methodology for this calculation. Therefore, CACD recommends that PG&E add a definition of the percent of default rate to Rule 14 as follows:

Percent of default rate shall be calculated as follows:

a. The customer's total transmission charges, including any demand charges or other non-volumetric charges under the applicable noncore rate schedule, based on the customer's prior 12-month's historical consumption; divided by,

b. The total tariffed rate that the customer would have paid absent any discount.

PG&E should explain that for customers with individual demand forecasts adopted through a cost allocation proceeding, percentage of default rate should be based on the most recently adopted forecast rather than historical consumption.

C. Pro Rata Curtailment of Interruptible Customers

According to D.91-11-025, curtailment of interruptible customers should be based on the percentage of default rate paid. Customers paying the same percentage of default rate would be curtailed pro rata if all customers in the class were not curtailed fully. Pursuant to D.91-11-025, p. 27, curtailment on a pro rata basis means that customers will be curtailed on an equal percentage.

In discussions with CACD, the three utilities (PG&E, SDG&E and SoCalGas) have all indicated that pro rata curtailment as adopted in D.91-11-025 is not operationally feasible. The utilities state that they do not have the ability to partially curtail a customer's service, and that they can only turn the customer's service off completely. If this reasoning is correct, than the utilities should have come forward in a more timely fashion through a Petition to Modify of D.91-11-025 or should have stated this in the second phase of the capacity brokering proceeding which was intended to implement policies developed in D.91-11-025 and which led to D.92-07-025. CACD reminds the utilities that they must comply with all Commission directives. CACD believes it is imprudent and unreasonable for the utilities to include language in their curtailment rules which they are unable to implement. It is also not reasonable for the utilities to tell CACD they do not intend to implement language contained in their tariffs. Where such compliance is not feasible, the utilities have the responsibility to seek changes to clarify rules adopted by the Commission.

Currently, PG&E proposes to curtail interruptible customers on a rotating block basis when customers pay the same percentage of default rate. CACD recommends that PG&E modify the appropriate sections of its curtailment rule to comport with D.91-11-025 provisions regarding pro rata curtailment of interruptible customers.

D. Receipt Constraint at Interconnection Points

CIG protests PG&E's new proposed procedures for addressing constraints at interconnection points. The procedures were not included in PG&E's pro forma tariffs and CIG states that D.92-07-025 expressly approved PG&E's proposed procedures. CIG believes that PG&E should follow the procedures established for SoCal Gas in C.O.L. No. 23 in D.92-07-025.

PG&E responds that the new provision is in response to C.O.L. No. 22 in D.92-07-025 which states that "PG&E should give priority to firm intrastate transportation customers over Line 300 rather than to interruptible intrastate customers using the El Paso system or customers who substitute new capacity for El Paso capacity." PG&E claims that C.O.L. No. 23 does not apply to PG&E.

Discussion

CACD agrees with PG&E that C.O.L. No. 23 in D.92-07-025 does not apply to PG&E. The Conclusion of Law responds to an issue that SoCalGas claimed was specific to its system. CACD finds that PG&E's interpretation of C.O.L. No. 22 is reasonable. CACD recommends that CIG's protest be denied.

E. Assignment of Firm Rights

CIG protests PG&E's provision that only customers using an equivalent amount of gas can have their assignments be effective the next delivery day. According to CIG, D.92-07-025 rejected PG&E's requirement of 72 hours notice for assignments to become effective when assignment takes place between customers actually using gas. CIG would like assignments to take place the next delivery day when customers are actually using gas, not just equivalent volumes of gas.

The Marketers Group also protests the next delivery day provision and believe that all trades should be processed the next delivery day when the customer who is trading firm capacity rights is using at least as much gas as the capacity being traded.

In the proposed rules governing the assignment of firm rights, PG&E requires assignees using firm rights associated with core subscription service to purchase the associated core subscription volumes. The Marketers Group believes that such trades should not require the assignee to purchase the associated volumes. PG&E is protected because the take-or-pay obligations will continue to apply under the assignor's core subscription contract. "Whether the assignee purchases the assignor's core subscription gas should be a matter of contract between the assignor and the assignee, and not a part of PG&E's tariff."

The Marketers Group notes that PG&E promises to give customers as much notice of an impending curtailment as is reasonably possible. It objects to PG&E's 72 hour processing time for assigning firm rights between customers before a curtailment. PG&E makes no commitment to providing sufficient advance notice of a curtailment and, therefore, the Marketers Group argues that the minimum advance notice for a trade should be fixed at 48 hours, except when the trade occurs between customers actually using gas.

PG&E responded to CIG's protest by noting that, "the Commission recognized that minimizing disruptions during a curtailment was of paramount importance, and if a customer were not using gas at the start of a curtailment, than having another customer use those "rights" to burn gas immediately would exacerbate an already grave situation." PG&E believed that requiring equivalent volumes for next day trades follows the spirit of the Commission's decision and CIG's protest should be denied.

In response to the Marketers Group's protest, PG&E stated that it had no objections to allowing trades to be effective the next delivery day if the customer trading its firm rights is using at least as much gas as the capacity being traded.

With respect to the Marketers Group's remaining protest issues, PG&E noted that nothing in D.92-07-025 required PG&E to change the objectionable issues which appeared in PG&E's pro forma tariffs. Therefore, Commission directive allows PG&E to include the proposed provisions in its final tariffs.

Discussion

CACD agrees with CIG and the Indicated Producers that PG&E should modify the provisions regarding which trades between customers will become effective the next delivery day. PG&E agreed to the Indicated Producers' proposal that when the assignor in the trade uses more gas than the assignee those trades should be processed by the next delivery day. CACD believes that this modification allows customers to receive the benefits from trades sooner and allows PG&E to plan reasonably the number of customers it will need to curtail. If CIG's proposal were accepted in full, it is possible that PG&E would experience insufficient load relief from a curtailment, thus, exacerbating the situation. CACD recommends that PG&E modify its tariffs to comport with the Indicated Producers' proposal.

CACD agrees with PG&E that D.92-07-025 only modified the 72 hour notice for trades occurring between customers actually using gas. The Indicated Producers protested the period as being too long, it suggests a 48 hour period for processing trades. CACD believes that the Indicated Producers had ample opportunity to address this issue in D.92-07-025 because the 72 hour notice was included in PG&E's pro forma tariffs filed in the proceeding. CACD recommends that the Indicated Producer's protest be denied with respect to shortening processing time to 48 hours.

However, CACD agrees with Indicated Producers that requiring customers to accept associated gas when they are using core subscription customers firm rights is unreasonable. The Commission intended that assignment of firm rights to be a mechanism to increase flexibility during a curtailment. PG&E's requirement of taking a core subscription customer's associated gas when using their rights frustrates the mechanism. PG&E is assured of cost recovery for gas volumes not used during a curtailment because customers have take-or-pay obligations associated with core subscription service. CACD recommends that PG&E remove any special requirements for customers using the firm intrastate rights of a core subscription customer during a curtailment.

CACD believes that allowing transfers between firm and interruptible customers could result in a revenue shortfall. This revenue shortfall would be caused by the transfer of firm curtailment rights to an interruptible customer who pays a discounted transportation rate. The interruptible customer would be curtailed at a lower priority level and, therefore, any additional revenue which could have been collected from the firm intrastate customer would be lost. The revenue shortfall incurred would have to be allocated to all customers. In order to avoid this revenue shortfall allocation and still maintain the flexibility of transferring curtailment priorities among intrastate customers, CACD believes that the customer who receives the transfer of firm curtailment rights should be required to pay the higher of the two otherwise applicable rates.

F. Curtailment of Customer-Owned Gas

The Marketers Group protests PG&E's rule allowing it to curtail customer-owned gas, "[i]f accepting that gas would require PG&E to purchase gas that it would not purchase otherwise, or if it would cause PG&E to incur any additional gas costs." Elsewhere in PG&E's curtailment rules, PG&E is prohibited from curtailing customer-owned gas as an economic supply option for the core. The Marketers Group believes that PG&E should not be granted the "unbridled discretion" to curtail customer-owned gas to provide economic benefit to the core.

PG&E responds that this rule had not been changed in the Capacity Brokering proceeding. PG&E notes that the rule did not not prevent a customer from receiving nominated gas nor does it allow PG&E to divert gas. According to PG&E, the section protects PG&E from being forced to accept a nomination for gas when the gas would cause PG&E to incur additional gas purchase costs. Therefore, PG&E believes that the Marketers Group's suggestion should be disregarded.

Discussion

In its response PG&E noted that the provision was not specifically modified by either Capacity Brokering decision and, therefore, the protest should be denied. However, CACD interprets the rules in Appendix B, of D.91-11-025 to prevent curtailing a noncore customers transportation because it would result in increased purchase gas costs to PG&E. CACD believes provisions in Appendix B prohibiting the utilities from using involuntary diversions as an economic supply source logically extend to curtailments. PG&E did not provide a clear and convincing situation when a customer's nomination of gas would result in PG&E's having increased purchased gas costs. CACD recommends that the Marketers Group's protest be accepted and that PG&E remove this provision from its curtailment rule.

G. Curtailment of Balancing Service

The Marketers Group requests that PG&E should clarify that a curtailment of balancing service does not require a customer to be in perfect balance at the end of the month. According to the Marketers Group, D.92-07-025 (at p. 36), allows customers to have imbalances during a curtailment period as long as they are within the ten percent tolerance band.

In response, PG&E notes that the ten percent tolerance band provision is included in its Schedule G-BAL, Gas Balancing Service for Intrastate Transportation Customers, and that G-BAL is a more appropriate place than PG&E's curtailment rule, Rule 14, for the provision.

Discussion

CACD believes that PG&E has addressed the Marketers Group's request in its G-BAL Schedule. CACD recommends that the Marketers Group's request be denied.

H. Voluntary Diversions

The Marketers Group notes that PG&E does not describe when and in what sequence voluntary gas diversions will be used to meet core needs during a curtailment.

PG&E responded, "[u]nless otherwise agreed to by contract with end-users, voluntary gas diversions will be used under the same circumstances as, but prior to, involuntary diversions."

Discussion

CACD finds PG&E's response to the Marketers Group's concern adequate, but CACD does not find PG&E's description of Voluntary Diversions and Voluntary Core Protection Purchase(VCPP) Arrangements adequate. CACD recommends that PG&E modify Rule 14, Interruption or Curtailment of Natural Gas Service, sections G and L to reflect the three types of diversions PG&E is authorized to perform and when those diversions are applicable, as detailed in Appendix B of D.91-11-025.

CACD interprets Appendix B of D.91-11-025 as allowing three types of diversions to be used in two different curtailment situations. When a customer's service is curtailed at the delivery point and PG&E does not need the gas to meet core needs, PG&E may enter into a Voluntary Diversion Agreement with the customer. The utility is allowed to purchase the customers gas as long as the price is less than what the utility would pay if the customer had been involuntarily diverted. CACD posits this type of diversion is intended to allow the utility and the customer to derive potential benefits from the curtailment. The utility has the opportunity to acquire gas that would be less expensive than other supplies to meet core demand, even though core service is not threatened with a curtailment. The curtailed customer can alleviate themselves of potential imbalance charges and recoup some of their gas costs.

In a situation where the utility is about to curtail customers' service to use their gas to meet core needs, the utility is authorized to effectuate VCPP agreements. VCPP agreements were designed to provide core supplies at the time of curtailment for a price less than utilities have to pay to involuntary divert customers. If VCPP agreements do not provide enough gas to meet core needs, the utility is authorized to involuntarily divert gas. The price to be paid for involuntary diversions is established in Appendix B of D.91-11-025.

CACD recognizes that curtailments are periods of crisis for a utility and that conditions may warrant departing from the above Commission directives, and that such actions will be subject to reasonableness review. CACD believes the Commission did not intend that the utilities use diversions of any type simply because diversions may provide the most economic core supply option.

I. Balancing Service Penalty

CIG protests the method PG&E uses to determine which volumes fall outside the tolerance band and are subject to the curtailment balancing penalty charge. Unlike SoCalGas, CIG notes, PG&E does not intend to read customer's meters both before and after the curtailment period. Rather, PG&E plans on using average daily usage to determine which, if any volumes, are subject to a penalty.

CIG requests that the Commission require PG&E to base penalties on actual usage. Additionally, CIG believes that the $1 per therm penalty should be eliminated from the tariffs. CIG notes that D.92-03-091 reinstated the alternative fuel requirement which was eliminated in Resolution G-2948. Resolution G-2948 replaced the alternative fuel requirement with the penalty and as a result of the alternative fuel requirement being reinstated, the penalty should be eliminated according to CIG.

In its response, PG&E notes that the penalty was not discussed in either phase of the Capacity Brokering proceeding and, therefore, no basis exists for eliminating the penalty. PG&E notes that most of its noncore customers have electronic metering which obviates the need to manually read meters before and after a curtailment. PG&E disagrees with CIG's characterization of the penalty as a trade-off for the alternate fuel requirement and PG&E notes that the penalty was reaffirmed in its most recent BCAP, D.92-03-091.

Discussion

CACD believes PG&E's method of determining volumes that fall outside of the tolerance band and would be subject to curtailment penalties is reasonable.

The elimination of the $1 per therm curtailment penalty was not discussed in either Capacity Brokering decision and, therefore, CACD recommends that CIG's protest be denied. In D.92-03-091, the Commission eliminated the alternative fuel requirement and increased the curtailment penalty to $16 per therm. The decision suspended those changes until further consideration in the limited scope proceeding in OIR 86-06-006 as ordered by D.92-03-091.

CACD reminds CIG that protests to advice letters are not the appropriate method for changing Commission policy developed in other proceedings.

XI. Rules Governing Capacity Brokering

A. Additional Comments on Capacity Brokering Rule

CACD believes that Rule 21.1, Use of PG&E's Firm Interstate Rights, is not sufficiently detailed to provide customers with a clear understanding of Capacity Brokering. In its Rule 21.1 CACD recommends that PG&E address the following issues:

A. Brokering of capacity for less than one month.
B. Detailed explanation of relinquishements and its affect upon Capacity Brokering.
C. Explain how and when pool transfers will occur.
D. Minimum acceptable bid to PG&E.
E. How PG&E will comply with D.92-02-042 which requires PG&E to reject unreasonably low bids.

In addition, CACD recommends other changes to Rule 21.1 in this Resolution.

B. Direct Assignments

CIG found PG&E's description of direct assignments of interstate capacity without competitive bidding too vague. CIG believes that direct assignments are possible and does not oppose them as long as the assignments are nondiscriminatory.

Indicated Producers protest the section of Rule 21.1 that allows PG&E to directly assign interstate capacity to a customer without competitive bidding. Indicated Producers find no authority in either D.91-11-025 or D.92-07-025 for PG&E to directly assign capacity. Further, Indicated Producers object to the vague condition under which PG&E would make such assignments. Indicated Producers request that this provision should be removed from PG&E's tariffs.

The Marketers Group objects to PG&E's provisions to directly assign interstate pipeline capacity to customers of its choice. The only direct assignments to be allowed should be to core aggregators according to the Marketers Group. Allowing other direct assignments would not follow the Commission's intent expressed in the Capacity Brokering decisions and FERC Order No. 636. The Marketers Group is concerned that PG&E would directly assign capacity to PG&E's electric department. To prevent such abuse, the Marketers Group requests that PG&E include tariff provsions limiting direct assignments to core aggregators only and requiring non-discriminatory capacity allocation for all other capacity not reserved for the core.

CCC protests PG&E's provisions allowing for direct assignment of interstate capacity without a competitive bid. CCC believes that any assignments made without competitive bids would only frustrate the Commission's efforts in creating a competitive market for gas. If the Commission is unwilling to eliminate the direct assignments, then the Commission must require PG&E to offer equivalent direct assignments for UEGs and cogeneration customers.

PG&E responded to CIG's, Indicated Producers', CCC's and the Marketers Group's protests that direct assignments would be used to provide core capacity to core aggregators, large core transportation customers and wholesale customers. According to PG&E, nothing in Rule 21.1 is designed to frustrate the intent of CCC's and PG&E's Joint Recommendation on Notice of UEG Interstate Service Elections.

<u>Discussion</u>

CACD notes that D.91-11-025 and D.92-07-025 prohibit PG&E from directly assigning capacity to noncore customers but allow PG&E to directly assign a part of the core interstate capacity reservation to appropriate core customers, core aggregators and other direct assignments to wholesale customers. CACD recommends PG&E change the direct assignment rule to clearly state under which circumstances PG&E proposes to directly assign capacity.

C. Bid Deposit

New Mexico protests PG&E's treatment of earnest money deposits with regard to two practices. First, New Mexico argues that PG&E should offer interest on earnest deposits made with capacity bids. New Mexico notes that PG&E pays interest on other deposits via PG&E's Rule 7(C) procedures and believes that PG&E should pay interest on earnest money deposits.

Second, New Mexico objects to PG&E's provision that capacity bidders lose their bid deposit if they reject their capacity award, even when the capacity awarded is less than the bid. In D.91-11-025 at page 57, PG&E is allowed to keep the earnest money deposit if a bidder refuses the capacity award that is in conformance with their bid. New Mexico argues that partial capacity awards, i.e., less than the bidders request, are not in conformance with the bidders request and PG&E should not be able to keep the earnest money deposit.

CIG finds that D.92-07-025 is silent on whether PG&E can charge an earnest deposit. Neither FERC Order No. 636 nor SoCalGas contemplate an earnest money deposit and neither should PG&E. CIG requests that the earnest deposit be eliminated from PG&E's tariffs.

The Marketers Group objects to PG&E's earnest money deposit because Rule 11, Discontinuance and Restoration of Service, should be sufficient to determine financial viability of a potential shipper. They note that FERC Order No. 636 does not require deposits.

In response to New Mexico's protest about interest on bid deposits, PG&E claims that it did not include interest payments for bid deposits because neither D.91-11-025 nor D.92-07-025 authorized PG&E to include interest. PG&E states that it had no objections to including interest.

With regard to New Mexico's concerns about pro rata bid allocations, PG&E notes that the bidding form allowed a bidder to state an amount below which the bidder did not have to accept the bid. PG&E intended this provision to allow bidders to reject awards and receive their deposit back.

PG&E responds to CIG's protest by noting that D.91-11-025 expressly allowed PG&E to require an earnest money deposit.

In response to the Marketers Group, PG&E noted that the earnest money deposit is necessary to ensure that a potential shipper: 1)will not request more capacity than the shipper actually needs, with the expectation that the request will be prorated, and 2) will contract with the interstate pipeline and PG&E should the shipper be awarded interstate capacity. In addition, D.91-11-025 and D.92-07-025 allows PG&E to require an earnest money deposit.

Discussion

CACD agrees with PG&E that D.91-11-025 allows it to collect an earnest deposit, but CACD recommends that the Commission adopt New Mexico's proposal for paying interest on the deposits. CACD believes that PG&E has addressed New Mexico's concerns about pro rata awards of capacity through the minimum acceptable award option in its bid form.

CACD does not find CIG's or the Marketers Group's protests convincing and recommends that they be denied.

D. Bid Evaluation

CIG finds PG&E's procedures to evaluate bids vague and inadequate. CIG requests PG&E to clarify, among other things, tie-breaker procedures.

PG&E did not think any tie-breaker procedures were necessary and could not understand what additional tie-breaking provisions CIG was seeking.

Discussion

CACD agrees with PG&E that its tariffs provide sufficient information on how PG&E will evaluate bids. In particular, PG&E's proposal would award a pro rata share of capacity to tying bids. This provision comports with the non-discriminatory capacity award criteria in D.91-11-025. CACD recommends that CIG's protest be denied.

E. Credit Deposit

The Marketers Group objects to PG&E's provision for a credit deposit because PG&E does not specify any conditions of the deposit.

PG&E responds that existing rules set forth the requirements for establishing credit and credit money deposits and that the deposits are to ensure that a party can meet its financial obligations to PG&E, once capacity has been awarded. PG&E sees no need to establish separate or additional deposit rules in Rule 21.1.

Discussion

CACD agrees with the Marketers Group that any credit deposit that PG&E may require for interstate capacity must be detailed and specific. If PG&E chooses to implement a credit deposit for interstate capacity, PG&E must file the proposal via a separate advice letter so all parties may have adequate opportunity to comment. CACD does not find any authorization for a credit deposit for interstate capacity in either of the Capacity Brokering decisions. Therefore, CACD recommends that PG&E remove any and all references to credit deposits for interstate capacity from its tariffs.

F. Agreement for Interstate Capacity

The Marketers Group reserves any and all objections to PG&E's "Agreement for Interstate Capacity."

In response, PG&E notes that all parties will have an opportunity to review PG&E's proposed Agreement for Interstate Capacity and other standard forms when they appear in a supplemental filing.

Discussion

To accomplish this supplement, CACD recommends that PG&E file their Interstate Capacity Agreement via a separate advice letter.

G. Transwestern Capacity

The Marketers Group requests that PG&E's Transwestern capacity either be assigned to core transporters and aggregators, or the capacity should be made available through capacity brokering.

PG&E responds that the Commission did not authorize PG&E to make any Transwestern capacity available, either through assignment or brokering, to core customers participating in the core transportation program.

Discussion

CACD agrees with PG&E that it is not authorized to make any Transwestern capacity available. In the Capacity Brokering proceedings, the Commission adopted rules that were intended to minimize stranded costs to utility ratepayers. As noted in D.92-07-025, if the Commission allowed Transwestern capacity to be included in the core's reservation and PG&E did not expand its southern system inlet, line 300, "200 MMcf/d of additional Southwest capacity will be stranded whether or not there is demand for it." Likewise, CACD believes that allowing PG&E to broker its Transwestern capacity would shift the risk of stranded costs associated with the capacity from PG&E to noncore and core customers. CACD recommends that the Marketers Group's protest be denied.

H. Posting Criteria

CCC requests that any posting criteria developed in PG&E's rules governing Capacity Brokering be included in PG&E's capacity release programs on the interstate pipelines.

PG&E responds that Rule 21.1, Section A.3 contains the criteria to be used when posting released capacity on the interstate pipelines. PG&E noted that the criteria are the same as those used for determining the successful bidders in the brokering program. PG&E will specify the exact process for determining winning bids for posted capacity once the FERC-approved rules on each pipeline are finalized.

Discussion

CACD finds CCC's request and PG&E response to be reasonable and recommends that no action be required of PG&E.

I. Timing of Initial Open Seasons Under Capacity Brokering

PG&E's Rule 21.1, Use of PG&E's Firm Interstate Rights, does not sufficiently explain how customers will obtain brokered capacity through open seasons and pre-arrangements with the utility. CACD believes that PG&E should revise Rule 21.1 to include a section describing initial open seasons. This will help to alleviate customer confusion surrounding the initial implementation of this new program. This section should explain the timeline of events leading up to the posting of pre-arranged deals on the interstate pipeline bulletin board as discussed below. PG&E should describe the length and timing of the intrastate transmission open season, the core subscription open season and the pre-arrangement period for interstate capacity. PG&E should clarify that pre-arrangements for the reallocation of core capacity to core aggregation and core transportation customers will be handled separately from the pre-arrangements and posting of excess capacity.

CACD and the utilities, PG&E, SDG&E, and SoCalGas, have agreed on a timeline for the full implementation of Capacity Brokering that includes an eight week period for intrastate transportation service elections and a core subscription open season. A five week period for pre-arrangements of interstate firm capacity rights would begin during the last two weeks of the eight week intrastate and core subscription open seasons. The utilities will have one week from the time all pre-arranged bids are submitted to evaluate the bids and award pre-arranged deals before the pre-arrangements that are awarded should be posted on the interstate pipeline's electronic bulletin board.

CACD believes this timeline of events provides uniformity among the three utilities and affords customers sufficient time to make their intrastate and interstate service elections while avoiding unnecessary delay of Capacity Brokering. CACD recommends that the Commission adopt this timeline. Further, PG&E should provide open season language throughout its tariffs in accordance with the agreed upon Capacity Brokering timeline wherever a reference is made to open seasons in the rate schedules or rules.

Specific dates need not be provided in PG&E's tariffs and rules as the dates will be published in materials provided to customers for bidding on interstate capacity. However, PG&E should explain the sequencing of open seasons and bidding periods for pre-arranged capacity in its tariffs and rules.

CACD recognizes the utilities' concerns that any initial open season language in the tariffs will eventually become obsolete. Therefore, CACD recommends that the Commission adopt a sunset provision for this language. The initial open season language should remain in PG&E's tariffs for one year after the effective date of the full implementation of Capacity Brokering. After one year, PG&E should eliminate this language from its tariff through a compliance filing. PG&E should explain this sunset provision in its explanation of initial open seasons.

In addition, CACD recommends that PG&E revise Rule 21.1 to address other significant issues surrounding the implementation of Capacity Brokering as follows:

a. Language in Rule 21.1 should clarify that cogeneration customers will be notified of UEG service elections and interstate capacity bids five days prior to the time the cogeneration customers must submit service elections and interstate capacity bids pursuant to D.91-11-025, Appendix B. Cogeneration customers should, therefore, be given five extra days beyond the close of the intrastate open season to submit intrastate service elections. Cogeneration customers should also receive five days beyond the close of the pre-arrangement period to submit bids for firm interstate capacity. PG&E should make these cogeneration deadlines explicit in Schedules G-CGS, G-EP03 and G-UEG.

b. PG&E should clarify that the utility will conduct pre-arrangements for excess capacity after the initial open season and in subsequent open seasons when initial capacity brokering contracts expire.

c. Rule 21.1 should clarify that PG&E may broker capacity for a term of less than one month. Notice of such an offer will be posted directly to the interstate pipeline bulletin board.

XII. Core Subscription Service

In PG&E's schedule for core subscription service, G-CS, is a charge for interstate pipeline capacity. The Marketers Group requested a more detailed description of how PG&E determines the interstate capacity reservation charge.

The Marketers Group also protests PG&E's provision that the first gas through the meter is core subscription gas. According to the Marketers Group, "[t]his provision is unduly discriminatory because it creates an unrebuttable presumption that in the event of an imbalance, the imbalance always is attributable to the third-party supplier rather than to the utility." The Marketers Group submits that in a case where a customer purchases gas from both PG&E and a third-party supplier, an imbalance should be attributed to the third-party gas only where PG&E can demonstrate that the third-party supplier was out-of-balance.

In its response, PG&E includes workpapers that explain how the core subscription reservation fee is calculated.

With respect to core subscription gas being the first gas through the meter each day, PG&E responds that this issue was decided in the Gas Procurement OIR (D.90-09-089). PG&E claims that this issue was not addressed in the Capacity Brokering proceeding and, therefore, pursuant to Commission directive, remains effective.

Discussion

CACD recommends that PG&E address the Marketers Groups' request for additional information about the interstate reservation charge in their tariffs. CACD recommends that a brief description outlining the components of the charge be included in PG&E's tariffs.

In the core subscription rate schedule, G-CSP, PG&E proposes that partial requirements customers will be billed upon a monthly breakdown provided by the customer and full requirements customers bills will be based on actual usage. CACD believes that PG&E has accurately described how intrastate transmission and procurement charges will be billed under Schedule G-CSP.

In CACD's opinion, PG&E has not clearly explained that the associated interstate reservation charge will be based on the monthly forecast provided by the customer whether the customer is full or partial requirements. CACD recommends that PG&E modify G-CSP to explain that customers' interstate reservation charges are based on their monthly forecast.

CACD agrees with PG&E that the Commission has not changed provisions effecting the accounting of core subscription volumes. In C.O.L. 30 and O.P. 3 of D.91-11-025, any rules under OIR Procurement not explicity changed in D.91-11-025 would remain in effect. As a result, CACD recommends that the Marketers Group's protest of PG&E's accounting practice be denied.

XIII. Illustrative Rates

In its protest to A.L. 1714-G-A, CIG notes that PG&E does not provide assumptions to the illustrative rates it presents in A.L. 1714-G-A. CIG claims that it has no way of knowing whether these illustrative rates are realistic.

In its response, PG&E included the assumptions underlying their illustrative rates for full implementation of capacity brokering.

Discussion

The rates PG&E proposes in A.L. 1714-G-A will be addressed in a subsequent Commission resolution.

XIV. Service Agreements

CACD will review all service agreements filed in A.L. 1714 in a subsequent Commission resolution.

XV. FERC Rules for Capacity Reallocation

CACD notes that PG&E should make any necessary changes to these tariff schedules which are made to comply with FERC rules for capacity reallocation. Any changes to these tariff schedules should be submitted by advice letter for Commission approval.

XVI. Effective Date of Full Implementation and Tariffs for Full Implementation of Capacity Brokering.

Pursuant to D.91-11-025 and D.92-07-025, full implementation of capacity brokering rules should occur for PG&E when both Pacific Gas Transmission and El Paso pipelines have received FERC approval of their capacity reallocation programs. CACD recommends that all contracts awarded for firm interstate capacity under the Capacity Brokering program should become effective on the same date regardless of their terms, i.e., short, mid, long-term contracts. This will enable the utilities to effectively and efficiently implement the initial stages of Capacity Brokering rules without administrative burdens caused by different effective dates for the contracts.

PG&E's tariffs to fully implement capacity brokering should be effective January 20, 1993, pending submittal and approval of compliance tariffs filed pursuant to the modifications contained herein. However, the rates and services in these revised tariffs with the exception of Rule 21.1, Use of PG&E's Firm Interstate Rights, and the pro forma service agreements should not be available until (1) capacity reallocation programs authorized by FERC are in place and (2) the contracts between and PG&E and its customers are accepted by the interstate pipeline companies and effective. Rule 21.1, Use of PG&E's Firm Interstate Rights, and the pro forma service agreements should be available prior to the availability of the services and rates. These two items should be available pending FERC approval of the capacity reallocation programs on PGT and El Paso. This earlier availability of Rule 21.1 and service agreements is necessary in order to provide customers with sufficient access to information prior to the events under Capacity Brokering, i.e., intrastate and core subscription open seasons, the pre-arrangement for interstate capacity, etc..

PG&E should include a statement in all revised tariffs explaining at what point in time the services and rates contained in the tariffs will become available. The revised Capacity Brokering tariffs should be placed in a separate section of the existing tariffs until the rates and services become available as described above. However, the Rule 21.1 and the pro forma service agreements should be included with the existing tariffs. Procurement tariffs affected by the Capacity Brokering should not be canceled until all tariffs under Capacity Brokering program are available.

XVII. Compliance Filing

CACD recommends that PG&E file compliance tariffs that are identical to the tariffs filed in A.L. 1714-G and A.L. 1714-G-A except for the changes described in this Resolution and changes authorized by FERC under capacity reallocation programs for PGT and El Paso pipelines. PG&E should also make any other minor modifications to the tariffs as documented by CACD in discussions with PG&E. The rates filed in the compliance filing should reflect the most current rates authorized by the Commission.

XVIII. Items in A.L. 1714 That are Not Addressed in this Resolution.

CACD will address the unbundled intrastate transportation rates and pro forma service agreements filed in A.L. 1714-G and A.L. 1714-G-A in a subsequent resolution.

XIX. Additional Filings PG&E is Required to Make

CACD reminds PG&E that an advice letter filing to comply with a Commission decision requires the utility to include tariff language to implement <u>all</u> provisions of the decision and all rate calculations ordered by a decision must be complete. As a result of PG&E's inadequate filing, CACD recommends that PG&E file via a separate advice letter the following items:

A. PG&E's Agreement for Interstate Capacity.
B. PG&E's Authorized Agent Agreement.
C. Tariff language to implement load aggregation on PG&E's system.
D. Any other service agreements necessary but not contained in A.L. 1714-G and 1714-G-A for full implementation of capacity brokering.
E. PG&E's proposed methodology and tariff language to maintain class average rate parity between cogeneration customers and PG&E's UEG.

FINDINGS

1. CTAs will be assigned interstate capacity based on the rules in D.91-02-040.

2. The capacity brokering proceeding only intended to modify core aggregators rules to make the program function under FERC Order No. 636 rules.

3. FERC Order No. 636 prohibits direct assignments of capacity without presenting other interested shippers an opportunity to bid on the capacity.

4. The rules adopted in D.91-11-025 and D.92-07-025 modify the rules established in D.91-02-040 to make direct assignments of an LDC's firm interstate rights possible.

5. The Commission did not intend to modify the formula for determining how much capacity to assign to a CTA. This issue was not addressed in the Capacity Brokering proceeding.

6. Ordering Paragraph 20 and Conclusion of Law 28 of D.92-07-025 allow a CTA to secondarily broker its assigned interstate capacity rights.

7. The CTA can use any interstate capacity it so choose; however, the CTA will still be responsible to the utility for all costs associated with the interstate capacity that was assigned to it.

8. PG&E should inform core customers who receive direct assignments, that the customer will be required to sign contracts with interstate pipelines and PG&E for the capacity, be responsible to PG&E for all applicable pipeline demand charges associated with the capacity and be allowed to secondarily broker capacity pursuant to PG&E's tariffs.

9. PG&E should modify Schedule G-CT, Experimental Core Gas Transportation Service; G-NR3, Gas Transportation Service to Large Nonresidential Core Customers; and other applicable core rate schedules to comport with Finding No. 8.

10. The issue of the PGA refund amortization periods was addressed in PG&E's BCAP, D.92-10-051.

11. The partial implementation program as proposed in A.L. 1720-G and 1720-G-A will be addressed in a subsequent Commission resolution.

12. PG&E did not include any tariff language to allow load aggregation in A.L. 1714-G and A.L. 1714-G-A.

13. PG&E intends to implement load aggregation in its standard form contracts.

14. PG&E should include tariff language explaining what portions of a noncore customer's service can be aggregated. Load aggregation should be extended to customers who own multiple facilities.

15. PG&E did not file all the necessary agreements to make its load aggregation program operational.

16. PG&E should file an advice letter that includes tariff schedules and/or rules describing load aggregation options and any necessary agreements.

17. Under Schedule G-EG, PG&E's Utility Electric Generation (UEG) department is not required to sign a service agreement.

18. Neither D.92-11-025 nor D.92-07-025 addressed the need of a contract between PG&E and its UEG.

19. The issue of a service agreement for PG&E's UEG was litigated in the Gas Procurement OIR (D.90-09-089) and, therefore, remains effective.

20. PG&E's UEG should be treated like all other noncore customers.

21. Imbalance penalty charges mentioned in Schedule G-EG should always apply to PG&E's UEG Department

22. PG&E should clarify that rate parity between its UEG and cogeneration customers will include any discounts obtained by the UEG as stated in Appendix B of D.91-11-025.

23. PG&E should insert the language proposed by CCC in its protest into PG&E's schedules for cogeneration customers and its UEG.

24. In order to maintain rate parity, any discounts to UEG customers for intrastate transportation service should be offered contemporaneously to cogeneration customers.

25. PG&E should include language in its UEG rate schedule explaining that any discount offered to the UEG for intrastate transportation should be offered contemporaneously to cogeneration customers.

26. PG&E should be required to file an advice letter to accomplish contemporaneous rate parity between UEG class average rates and cogeneration class average rates.

27. In D.92-07-025, the utilities were required to credit, on a pro rata basis, revenues received from brokering excess core and noncore interstate capacity.

28. PG&E should modify the appropriate accounts in its Preliminary Statement to reflect that the appropriate accounts will receive a pro rata share of all revenues received from brokered excess interstate pipeline capacity.

29. PG&E did not include references in any noncore rate schedule to the ITCS account.

30. CACD interprets D.92-07-025 as requiring references in each noncore rate schedule to the ITCS account and the actual surcharge should appear in PG&E's tariffs. PG&E should modify its tariffs accordingly.

31. In D.91-11-025, the FS/IC account is abolished when full implementation of Capacity Brokering occurs.

32. In D.92-07-025, the Commission clarifies that the balance in the FS/IC account must be returned to the customers using the appropriate service when the surcharge was collected.

33. CACD believes it is inappropriate to disburse the balance in the FS/IC account outside of an established ratemaking proceeding.

34. A full requirements customer is defined as a customer who only uses utility transported natural gas to meet her fossil fuel requirements at her facility. An interruptible customer, by definition, does not have to use utility transported natural gas to meet her fossil fuel needs.

35. In PG&E's core subscription rate schedule, PG&E included two 14% penalties for customers who fail to curtail service during a curtailment.

36. One of the 14% penalties was to be applied to the procurement portion of core subscription and the other for transporting gas during a curtailment.

37. While a curtailment penalty has been authorized for customers who cease to transport gas during a curtailment period, the Commission has not authorized a curtailment penalty for the procurement portion of core subscription.

38. PG&E should eliminate the 14% curtailment penalty related to procurement and move the 14% penalty for transporting gas to the applicable transportation schedule.

39. PG&E should expand its tariff language describing curtailment blocks for firm noncore customers. PG&E should describe how customers would be placed in blocks, how it will randomize the customer location in the curtailment queue and under what conditions it will move customers between blocks.

40. PG&E should propose a methodology for calculating an interruptible customer's percent of default rate that will be based on the total of both fixed and volumetric charges.

41. PG&E should add a definition of the percent of default rate to Rule 14 as follows:

Percent of default rate shall be calculated as follows:

a. The customer's total transmission charges, including any demand charges or other non-volumetric charges under the applicable noncore rate schedule, based on the customer's prior 12-month's historical consumption; divided by,

b. The total tariffed rate that the customer would have paid absent any discount.

42. PG&E should explain that for customer's with individual demand forecasts adopted through a cost allocation proceeding, percentage of default rate should be based on the most recently adopted forecast rather than historical consumption.

43. Pursuant to D.91-11-025, p. 27, curtailment on a pro rata basis means that customers will be curtailed on an equal percentage.

44. The utilities state that they do not have the ability to partially curtail a customer's service, and that they can only turn the customer's service off completely.

45. The utilities should have come forward in a more timely fashion through a Petition to Modify of D.91-11-025 or should have stated this in the second phase of the capacity brokering proceeding which was intended to implement policies developed in D.91-11-025 and which led to D.92-07-025.

46. PG&E's proposes to curtail interruptible customers on a rotating block basis when customers pay the same percentage of default rate.

47. PG&E should modify the appropriate sections of its curtailment rule to comport with D.91-11-025 provisions regarding pro rata curtailment of interruptible customers.

48. PG&E should modify the provisions regarding which transfers of curtailment rights between customers will become effective the next delivery day.

49. PG&E should modify its tariffs to clarify that when the assignor in the trade uses more gas than the assignee those trades will be processed by the next delivery day.

50. PG&E should remove any special requirements for customers using the firm intrastate rights of a core subscription customer during a curtailment.

51. In allowing transfers between firm and interruptible customers a revenue shortfall could result. This revenue shortfall would be caused by the transfer of firm curtailment rights to an interruptible customer who pays a discounted transportation rate.

52. The revenue shortfall incurred by allowing transfers of curtailment or diversion rights among firm and interruptible intrastate transportation customers would have to be allocated to all customers.

53. The customer who receives the transfer of firm curtailment rights should be required to pay the higher of the applicable firm or interruptible transportation rates.

54. PG&E should be prevented from curtailing a noncore customer's transportation because it would result in increased purchase gas costs to PG&E.

55. CACD believes provisions in Appendix B of D.91-11-025 prohibiting the utilities from using involuntary diversions as economic supply source logically extends to curtailments.

56. PG&E should remove Section L, Curtailment of Customer-Owned Gas, from its curtailment rule, Rule 14.

57. CACD interprets Appendix B of D.91-11-025 as allowing three types of diversions to be used in two different curtailment situations.

58. When a customer's service is curtailed at the delivery point and PG&E does not need the gas to meet core needs, PG&E may enter into a Voluntary Diversion Agreement with the customer as long as the price is less than what the utility would pay if the customer had been involuntarily diverted.

59. Voluntary Diversions allow the utility and the customer to derive potential benefits from the curtailment.

60. VCPP are designed to provide core supplies at the time of curtailment for a price less than utilities have to pay to involuntary divert customers.

61. If VCPP agreements do not provide enough gas to meet core needs, the utility is authorized to involuntarily divert gas. The price to be paid for involuntarily diversions is established in Appendix B of D.91-11-025.

62. The Commission did not intend that the utilities use diversions of any type simply because diversions may provide the most economic core supply option.

63. In Rule 21.1 PG&E should address the following issues:

A. Brokering of capacity for less than one month.
B. Detailed explanation of relinquishements and its affect upon Capacity Brokering.

C. Explain how and when pool transfers will occur.
D. Minimum acceptable bid to PG&E.
E. How PG&E will comply with D.92-02-042 which requires PG&E to reject unreasonably low bids.

64. PG&E should change the direct assignment rule to state that only large core, core aggregation and wholesale core customers will have capacity directly assigned to them.

65. PG&E should pay interest on any earnest money deposits.

66. PG&E should remove any and all references to credit deposits for interstate capacity from its tariffs.

67. Any credit deposit that PG&E may require for interstate capacity must be detailed and specific and PG&E must file the proposal via a separate advice letter so all parties may have adequate opportunity to comment.

68. PG&E should file its Interstate Capacity Agreement via a separate advice letter.

69. The Commission did not authorize PG&E to recover the 200 MMcf/d of Transwestern capacity in core rates because allowing PG&E to do this would only increase stranded costs for core customers.

70. CACD believes that allowing PG&E to broker its Transwestern capacity would shift the risk of stranded costs associated with the capacity from PG&E to noncore and core customers.

71. PG&E's Rule 21.1, Use of PG&E's Firm Interstate Rights, does not sufficiently explain how customers will obtain brokered capacity through open seasons and pre-arrangements with the utility.

72. The Commission should adopt the timeline agreed upon by CACD and the utilities, and PG&E should revise Rule 21.1 to describe initial open seasons per the agreed upon timeline. The Commission should also adopt a sunset provision for this language.

73. PG&E should clarify in Rule 21.1 that cogeneration customers will receive five additional days for intrastate service elections and pre-arranged bidding for interstate capacity.

74. PG&E should clarify that the utility will conduct pre-arrangements for excess capacity after the initial open season and in subsequent open seasons when initial capacity brokering contracts expire.

75. Rule 21.1 should clarify that PG&E may broker capacity for a term of less than one month. Notice of such an offer will be posted directly to the interstate pipeline bulletin board.

76. PG&E should provide an adequate description outlining the components of interstate reservation charge in its core subscription rate schedule, G-CSP.

77. PG&E has not clearly explained that the associated interstate reservation charge in Schedule G-CSP will be based on the monthly forecast provided by the customer whether the customer is full or partial requirements.

78. PG&E should modify G-CSP to explain that customers interstate reservation charge is based on their monthly forecast.

79. CACD should address PG&E's proposed rates filed in A.L. 1714-G-A in a subsequent Commission resolution.

80. CACD should address PG&E's proposed service agreements filed in A.L. 1714-G and A.L.1714-G-A in a subsequent Commission resolution.

81. PG&E should make any necessary changes to these tariff schedules which are made to comply with FERC rules for capacity reallocation.

82. Any changes to PG&E's tariff schedules to comport with FERC rule changes should be submitted by advice letter for Commission approval.

83. All initial Capacity Brokering contracts, regardless of term, should begin on the same date.

84. PG&E's tariffs to fully implement capacity brokering should be effective January 20, 1993, pending submittal and approval of compliance tariffs that are identical to the tariffs filed in A.L. 1714-G and A.L.1714-G-A except for the changes described in this resolution.

85. The rates and services in these revised tariffs with the exception of Rule 21.1, Use of PG&E's Firm Interstate Rights, and the pro forma service agreements should not be available until (1) capacity reallocation authorized by FERC are in place and (2) the contracts between and PG&E and its customers are accepted by the interstate pipeline companies and effective.

86. PG&E's Rule 21.1 and the pro forma service agreements should be available pending FERC approval of the capacity reallocation programs on PGT and El Paso pipelines.

87. PG&E should include a statement in all revised tariffs explaining at what point in time the services and rates contained in the tariffs will become available.

88. The revised Capacity Brokering tariffs should be placed in a separate section of the existing tariffs until the rates and services become available as described above.

89. PG&E's Rule 21.1 and the pro forma service agreements should be included with the existing tariffs.

90. Procurement tariffs affected by the Capacity Brokering should not be canceled until all tariffs under Capacity Brokering are available.

91. The rates filed in the compliance filing should reflect the most current rates authorized by the Commission.

92. PG&E should make any minor modifications to the tariffs that are documented by CACD in discussion with PG&E.

93. PG&E should file via a separate advice letter the following items:

A. PG&E's Agreement for Interstate Capacity.
B. PG&E's Authorized Agent Agreement.
C. Tariff language to implement load aggregation on PG&E's system.
D. Any other service agreements necessary but not contained in A.L. 1714-G and 1714-G-A for full implementation of Capacity Brokering.
E. PG&E's proposed methodology and tariff language to maintain class average rate parity between cogeneration customers and PG&E's UEG.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company shall file revised tariffs by January 15, 1993 that are identical to Advice Letter 1714-G and 1714-G-A except for any changes identified in the findings above and any other minor modifications requested by the Commission Advisory and Compliance Division. The rates filed in the compliance filing shall reflect the most current rates authorized by the Commission.

2. Advice Letters 1714-G and 1714-G-A shall be marked to show that they have been superseded and supplemented by the new supplemental advice letter containing the revised tariffs.

3. The revised tariffs to fully implement Capacity Brokering shall be effective January 20, 1993 pending approval by the Commission Advisory and Compliance Division.

4. The rates and services offered in these revised tariffs with the exception of Rule 21.1 and the pro forma service agreements shall not be available until capacity reallocation programs have been authorized by the Federal Energy Regulatory Commission, the programs are in place,

and the contracts between Pacific Gas and Electric and its customers for interstate capacity are accepted by the interstate pipeline companies and effective.

5. Pacific Gas and Electric Rule 21.1. and the pro forma service agreements shall be available pending the Federal Energy Regulatory Commission's approval of the capacity reallocation programs for Pacific Gas Transmission Company and El Paso Natural Gas Company.

6. Procurement tariff affected by the Capacity Brokering program shall not be cancelled until all tariffs are under Capacity Brokering are available.

7. Pacific Gas and Electric shall file an advice letter by January 15, 1993 presenting a proposal to accomplish contemporaneous rate parity between utility electric generation (UEG) class average rates and cogeneration class average rates.

8. Pacific Gas and Electric Company shall file an additional advice letter filing by January 15, 1993 that shall contain any additional service agreements necessary to full implementation of capacity brokering, tariff language to implement load aggregation and any other changes not authorized in this Resolution.

This Resolution is effective today.

Executive Director

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