

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3204
FEBRUARY 19, 1997

R E S O L U T I O N

RESOLUTION G-3204. PACIFIC GAS AND ELECTRIC COMPANY (PG&E) REQUESTS AUTHORIZATION TO EXTEND THE INTERSTATE TRANSITION COST SURCHARGE RATE COMPONENT REDUCTION FOR CERTAIN NONCORE CUSTOMERS BY \$0.006 PER THERM. THE PRIOR REDUCTION WAS PREVIOUSLY APPROVED BY RESOLUTION G-3192 (AUGUST 2, 1996). PG&E'S REQUEST IS APPROVED.

BY ADVICE LETTER 1998-G FILED ON DECEMBER 30, 1996.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) filed Advice Letter 1998-G on December 30, 1996 requesting an extension of the Interstate Transition Cost Surcharge (ITCS) reduction to certain noncore customers. PG&E's previous request to reduce the ITCS rate component for certain noncore customers was approved by Resolution G-3192 (August 2, 1996) for a period of six months, from August 7, 1996, to February 7, 1997.
2. There were no protests of Advice Letter 1998-G.
3. The Commission has not issued a decision on the Gas Accord settlement which also addresses this issue. PG&E's request to continue the ITCS reduction until the Gas Accord is implemented, or if it is not adopted until a Commission decision is reached is reasonable.

BACKGROUND

1 PG&E is requesting Commission approval to extend the ITCS component rate reduction of \$0.006 per therm for noncore gas customers by Advice Letter 1998-G filed on December 30, 1996. This reduction was originally approved by the Commission in Resolution G-3192, dated August 2, 1996, for a period of six months, from August 7, 1996, to February 7, 1997. PG&E stated in Advice 1952-G that it would file to extend the rate reduction if a broadbased Gas Accord settlement was filed with the Commission by September 30, 1996. PG&E filed its Accord settlement on August 21, 1996, and is now seeking extension of the ITCS reduction for certain noncore customers until the Commission rules on the Gas Accord.

2. The ITCS reduction has been incorporated in the proposed rate changes filed in Advice 1987-G, which includes rate changes for the Annual Balancing Account True-up, Core Procurement Rate Change, Cost of Capital, Annual Energy Assessment Proceeding (AEAP), and Petition for Modification of D.95-12-053 (Biennial Cost Allocation Proceeding). The ITCS rate reduction applies to noncore customers on a non-discriminatory basis, with the exception of customers already paying a discounted tariff rate or receiving firm gas transportation service at negotiated rates.

3. The forecasted revenue reduction of \$26.9 million on an annual basis resulting from this rate decrease will be absorbed by PG&E shareholders through a reduction in earnings if the Gas Accord is approved. PG&E will record as revenues in the noncore ITCS subaccount the amounts PG&E would have received in the absence of the ITCS reduction. PG&E proposes that the ITCS reduction continue until the Gas Accord is implemented, or if it is not adopted, until a Commission decision is reached. If the Accord is not approved, PG&E reserves the right to recover in future rates the revenue shortfall resulting from the extension of this rate reduction.

4. PG&E does not intend that its request prejudice its rights in any proceeding, nor any imprudence or unreasonableness on the part of PG&E. PG&E states, "it reserves its right to prove the prudence of its activities affecting or relating to the balances in its ITCS subaccounts, and its right to recover all amounts recorded in its ITCS subaccounts, except insofar as PG&E is voluntarily foregoing recovery of a portion of its noncore ITCS subaccount in this advice filing".

NOTICE

1. PG&E Advice Letter 1998-G was served on other utilities, government agencies, and to all interested parties who requested such notification, in accordance with the requirements of General Order 96-A and the service lists in Applications

PROTESTS

1. No protests of AL 1998-G were received by the Energy Division.

DISCUSSION

1. The Commission has not issued a decision on the Gas Accord settlement. Accordingly, PG&E's request to continue the ITCS reduction until the Gas Accord is implemented, or if it is not adopted until a Commission decision is reached is reasonable.

2. Energy Division recommends approval of Advice Letter 1998-G.

FINDINGS

1. Pacific Gas and Electric Company filed Advice Letter 1998-G on December 30, 1996 requesting approval to extend the Interstate Transition Cost Surcharge (ITCS) rate component reduction for certain noncore customers by \$0.006 per therm.
2. PG&E's previous request to reduce the ITCS rate component for certain noncore customers was approved by Resolution G-3192 (August 2, 1996) for a period of six months, from August 7, 1996, to February 7, 1997.
3. The Commission has not issued a decision on the Gas Accord settlement which also addresses this issue.
4. PG&E's request to continue the ITCS reduction until the Gas Accord is implemented, or if it is not adopted until a Commission decision is reached is reasonable.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company Advice Letter 1998-G is approved.
2. Advice Letter 1998-G shall be marked to show that it was by Resolution G-3204.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 19, 1997. The following Commissioners approved it:


WESLEY FRANKLIN
Executive Director

P. Gregory Conlon, President
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Richard A. Bilas
Commissioners