

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3231
DECEMBER 16, 1997

RESOLUTION

RESOLUTION G-3231. PACIFIC GAS AND ELECTRIC COMPANY (PG&E) REQUESTS AUTHORIZATION TO DEVIATE FROM ITS GAS TARIFF PRELIMINARY STATEMENT SECTION C.11.b, AND NOT FILE THE CORE PORTION OF THE ANNUAL TRUE-UP OF BALANCING ACCOUNTS. PG&E PROPOSES REVISIONS TO ITS GAS RATES TO ADJUST FOR THE ANNUAL TRUE-UP OF BALANCING ACCOUNT RATE COMPONENTS FOR NONCORE GAS CUSTOMERS ONLY AND TO DEFER TRUE-UP OF BALANCING ACCOUNT RATE COMPONENTS FOR CORE CUSTOMERS UNTIL IT IS ADDRESSED IN THE PENDING BCAP APPLICATION 97-03-002.

APPROVED

BY ADVICE LETTER 2045-G AND 2046-G FILED ON NOVEMBER 10, 1997 AND NOVEMBER 17, 1997 RESPECTIVELY.

SUMMARY

1. By Advice Letter 2045-G, Pacific Gas and Electric Company (PG&E) requests authorization to deviate on a one-time basis from its Gas Tariff Preliminary Statement Section C.11.b, and not file the annual true-up of Balancing Accounts for core customers effective January 1, 1998. By Advice Letter 2046-G, PG&E proposes revisions to its gas rates to adjust for the annual true-up of Balancing Account rate components for non-core customers effective January 1, 1998 and to defer implementation of the true-up of Balancing Account rate components for Core Customers until it is addressed in the pending BCAP Application (A) 97-03-002.
2. No protests have been received by the Energy Division for this Advice Letter filing.
3. This Resolution approves Advice Letters 2045-G and 2046-G as filed.

BACKGROUND

1. On November 10, 1997, in a letter to the Commission Executive Director, PG&E requested authorization to defer the annual true-up of Balancing Accounts for 1997 until the Commission acts on PG&E's request in Advice Letter 2045-G to defer implementation of the core portion of the true-up until it is addressed in PG&E's pending BCAP. On November 14, 1997, the Executive Director responded by letter and granted PG&E an extension until such time as the Commission acts on Advice Letter 2045-G.
2. On November 10, 1997, in Advice Letter 2045-G, PG&E, in accordance with Section X A of General Order 96-A, submitted a request for Commission approval to deviate on a one-time basis from its Gas Tariff Preliminary Statement Section C.11.b and to not file the core portion of the annual true-up of Balancing Accounts effective January 1, 1998.

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3. PG&E's gas tariff Preliminary Statement Section C.11.b. contains the provision that per D. 95-12-053 it is required to make an advice letter filing to change core and noncore transportation rates 45 days prior to the end of the first year of the BCAP and every 12 months thereafter until a new BCAP decision is rendered. The filing updates the amortization component of the transportation rate for all transportation-related balancing accounts.
4. PG&E proposes to not implement the core portion of the annual true-up of the Balancing Accounts because the transportation-related balancing accounts are currently pending before the Commission in PG&E's BCAP Application 97-03-002, which is scheduled for hearing in January, 1998 and therefore would be redundant of efforts in the BCAP.
5. PG&E states that at this time, the Commission, PG&E's core customers, and PG&E face an unprecedented number of major operational and regulatory changes with implementation of the Gas Accord, the change to monthly core pricing, and the implementation of Direct Access and Electric Industry Restructuring.
6. PG&E states that a true-up filing to change rates for core customers at this time would result in an increase in core rates at a time when core procurement customers are experiencing a change in gas rates on a monthly basis due to the implementation of D.97-10-065, which authorized PG&E to change core procurement rates each month.
7. PG&E filed Advice Letter 2046-G on November 17, 1997, which contains proposed revisions to PG&E's non-core gas rates to adjust for the annual true-up of Balancing Accounts as directed in PG&E's BCAP proceeding by D. 95-12-053. The true-up would result in a rate decrease in gas transportation revenues of approximately \$52.5 million for PG&E's noncore gas customers.

NOTICE

1. Advice Letters 2045-G and 2046-G were 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.

PROTESTS

1. No protests were received by the Energy Division for either Advice Letter 2045-G or 2046-G.

DISCUSSION

1. The Energy Division has reviewed Advice Letters 2045-G and 2046-G and been in contact with representatives of PG&E.
2. PG&E's request in Advice Letter 2045-G to defer implementation of true-up of core transportation-related Balancing Accounts is reasonable in light of the pending hearings in PG&E's BCAP (A. 97-03-002) to begin in January, 1998. PG&E's current BCAP proceeding was delayed due to the Gas Accord, resulting in the second annual true-up required by D. 95-12-053 being redundant with efforts in A. 97-03-002.
3. A true-up of core transportation-related balancing accounts at this time would result in a rate increase for core transportation customers. D.97-10-065 authorized PG&E to change core procurement rates each month to reflect PG&E's forecasted monthly weighted average cost of gas and a monthly

amortization component for PG&E's core procurement-related balancing accounts. A one-time delay of implementation of true-up of core transportation-related balancing accounts will delay the anticipated increase, allowing core customers to adapt to the monthly procurement-related adjustments before receiving this rate increase. The transportation-related rate increase for core customers would be delayed until after the heating season, when lower usage will have a decreased impact on core customers gas bills.

4. The second annual true-up of non-core transportation-related balancing accounts required by D. 95-12-053 should proceed according to schedule to be effective January 1, 1998. The true-up of non-core balancing accounts will result in a rate decrease and the benefit of this rate decrease should not be delayed from noncore customers.

5. The rates for true-up of non-core transportation related services as outlined in Advice Letter 2046-G are correct as filed, subject to verification during the current BCAP proceeding.

FINDINGS

1. PG&E filed Advice Letter 2045-G on November 10, 1997 requesting a one-time deviation to the requirement outlined in D. 95-12-053 to true-up core transportation-related balancing accounts effective January 1, 1998 and to complete the true-up of core balancing accounts in the pending BCAP proceeding A.97-03-002 to begin hearings in January, 1998.

2. This true-up of core transportation-related balancing accounts will result in an increase of core rates.

3. PG&E filed Advice Letter 2046-G on November 17, 1997 to propose revisions to PG&E's gas rates to adjust for the annual true-up of non-core transportation-related balancing accounts effective January 1, 1998 in compliance with D.95-12-053.

4. The true-up of non-core transportation-related balancing accounts will result in a decrease of non-core rates.

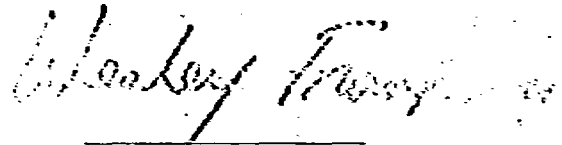
5. The rates proposed in Advice Letter 2046-G are correct as filed, subject to verification during the current PG&E BCAP proceeding.

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THEREFORE, IT IS ORDERED that:

1. PG&E is authorized to deviate on a one-time only basis from the requirement to implement a true-up of core transportation-related balancing accounts effective January 1, 1998 as required by D.95-12-053 and to complete such true-up in the pending BCAP proceeding in A. 97-03-002.
2. PG&E is authorized to true-up non-core transportation-related balancing accounts as required by D.95-12-053 effective January 1, 1998.
3. The rates proposed by PG&E in Advice Letter 2046-G are correct as filed, subject to verification in the current PG&E BCAP proceeding.
4. Advice Letters 2045-G and 2046-G shall be marked to show that they were approved by Commission Resolution G-3231.
5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 16, 1997. The following Commissioners approved it:



WESLEY FRANKLIN
Executive Director

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