

PACIFIC GAS AND ELECTRIC COMPANY

Gas Operations Support Team

Data Response

QUESTION(S):

Article 10 (Public Utilities Code § 890 *et seq*) *Natural Gas Surcharge* of the Public Utilities Code contains various requirements related to the collection and treatment of amounts collected by gas public utilities through the Natural Gas Surcharge (surcharge). The surcharge is used to fund various natural gas related public purpose programs. Commission Decision (D.) 04-08-010 implemented Article 10.¹

Question 1: Is Stanpac subject to Article 10. *Natural Gas Surcharge* of the Public Utilities Code? If not, explain why.

Response (s): Yes. However, Stanpac currently does not collect any moneys under Article 10. For most gas that travels through the Stanpac system, PG&E is the serving utility and collects the Natural Gas Surcharge from its end-use customers under its tariffs, including gas billed to Chevron. This is consistent with PG&E's off-system service to SoCalGas end-use customers, under which SoCalGas collects the surcharge rather than PG&E. If PG&E collected a surcharge, the end-use customers of SoCalGas would pay a surcharge twice for the same volume of gas.

The remaining gas that travels through the Stanpac system is California production delivered to Chevron using Chevron's proprietary portion of the Stanpac system. Those volumes are exempt from the Article 10 surcharge under Public Utilities Code Section 896: "Consumption does not include.....natural gas that is produced in California and transported on a proprietary pipeline." A large portion of the gas that would flow in Stanpac SP-7 would be billed to Chevron under PG&E's retail tariffs which do include a Natural Gas Surcharge.

Question 2: Does Stanpac provide any of the public purpose programs that are specified in Pub. Util. Code § 890 (a)?

Response (s): No. See response to question 1.

Question 3: Should consumers of natural gas served by Stanpac be assessed a portion of the funding for the natural gas public interest research and development program established in D. 04-08-010 through the surcharge? If not, explain why.

Response (s): No. See response to question 1.

¹ http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/39314.PDF

Question 4: Should Stanpac currently collect the surcharge from consumers of natural gas as specified in Pub. Util. Code § 890 (b) (1) and remit the collected amounts to the State Board of Equalization as specified in Pub. Util. Code § 892? If not, explain why.

Response (s): No. See response to question 1.

Question 5: Under the proposed Stanpac SP-7 pipeline project (new Stanpac pipeline to Richmond refinery) or similar alternative, should Stanpac collect the surcharge from natural gas consuming customers that would be served by the proposed pipeline? If not, explain why.

Response (s): No. A large portion of the gas that would flow in Stanpac SP-7 would be billed to Chevron under PG&E's retail tariffs which do include a Natural Gas Surcharge. The remaining gas in the Stanpac SP-7 line would be California production using Chevron's proprietary portion of the line which is exempt from the Natural Gas Surcharge under Section 896.