

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-3076  
August 4, 1993

**R E S O L U T I O N**

RESOLUTION G-3076. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS APPROVAL TO REVISE ITS NONCORE FIXED COST ACCOUNT FOR INCLUSION OF A SUBACCOUNT TO RECORD THE SHORTFALL FOR PIPELINE DEMAND CHARGES ON THE PACIFIC GAS TRANSMISSION SYSTEM RESULTING FROM PARTIAL IMPLEMENTATION OF THE CAPACITY BROKERING PROGRAM.

BY ADVICE LETTER 1762-G, FILED ON MARCH 24, 1993.

---

**SUMMARY**

1. By Advice Letter (A.L.) 1762-G, filed on March 24, 1993, Pacific Gas and Electric Company (PG&E) requests approval to establish a subaccount to record the under collection of pipeline demand charges for the Pacific Gas Transmission (PGT) system resulting from partial implementation of the Capacity Brokering program.
2. This Resolution denies A.L. 1762-G because the request appears to conflict with Commission Resolution G-3045. PG&E may file its request through an Application.

**BACKGROUND**

1. As set forth in D.92-07-025, Appendix B, under partial implementation, all interstate pipeline demand charges are unbundled from transportation rates for customers who are awarded PG&E's firm capacity rights on the El Paso Natural Gas Company (El Paso) interstate pipeline.
2. As a result, some customers will not be paying the share of PGT pipeline demand charges that were allocated to them in PG&E's most recent Biennial Cost Allocation Proceeding (BCAP). PG&E claims that a shortfall of up to \$22 million could result if the cost of the PGT demand charges are not reallocated to customers who do not obtain PG&E's brokered capacity.
3. In Advice Letter 1720-G-A, PG&E calculated illustrative rates for partial implementation of capacity brokering which reallocated the PGT pipeline demand charges to core and noncore customers not taking brokered service on El Paso's system.

4. Resolution G-3045 approved on March 10, 1993 ordered PG&E to maintain current allocations for PGT costs as established in PG&E's BCAP.
5. On March 24, 1993, PG&E filed A.L. 1762-G. This Resolution will address A.L. 1762-G.

#### NOTICE

1. Public notice of A.L. 1762-G was made by publication in the Commission calendar, and by PG&E mailing copies to all parties of record in Order Instituting Rulemaking (R.)88-08-018 and R.90-02-008 and to all interested parties who requested notification.

#### PROTESTS

1. There were no protests to PG&E's A.L. 1762-G.

#### DISCUSSION

In its advice letter, PG&E claims that "[T]he proposed NFCA subaccount is designed to maintain current BCAP cost allocations while providing PG&E with a reasonable opportunity to earn its revenue requirement by recovering the shortfall in PGT pipeline demand charges from its customers. The account would be allocated in PG&E's next Cost Allocation Proceeding." PG&E's request appears to conflict with Finding 27 in Resolution G-3045. This finding stated that PG&E was to maintain current cost allocations for PGT as established in PG&E's BCAP. Because of the apparent conflict between PG&E's request and G-3045, CACD believes that PG&E's request should be made through an application to the Commission which would allow the Commission an opportunity for full analysis of PG&E's request. This would allow the Commission the opportunity to request comments from parties and if necessary hold hearings to address PG&E's request. Therefore, CACD recommends that the Commission deny PG&E's advice letter and suggests to PG&E that it may refile its request as an application.

#### FINDINGS

1. On March 24, 1993, PG&E filed A.L. 1762-G which requests approval to establish a subaccount to record the under collection of pipeline demand charges for the PGT system resulting from partial implementation of the Capacity Brokering program.
2. In D.92-07-025, Appendix B, under partial implementation, all interstate pipeline demand charges are unbundled from transportation rates for customers who are awarded PG&E's firm capacity rights on the El Paso interstate pipeline.

August 4, 1993

3. As a result of partial implementation, some customers will not be paying the share of PGT pipeline demand charges that were allocated to them in PG&E's most recent BCAP.

4. PG&E claims that a shortfall of up to \$22 million could result if the cost of the PGT demand charges are not reallocated to customers who do not obtain PG&E's brokered capacity.

5. Resolution G-3045 approved on March 10, 1993 ordered PG&E to maintain current allocations for PGT costs as established in PG&E's BCAP.

6. A.L. 1762-G should be denied because the request appears to conflict with Resolution G-3045, and, therefore, requires more examination than the Advice Letter process allows. This conflict should be addressed in an Application, which PG&E may file.

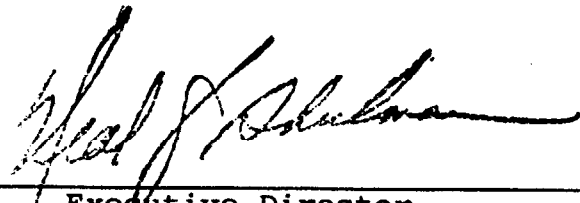
August 4, 1993

**THEREFORE, IT IS ORDERED that:**

1. Pacific Gas and Electric Company's Advice Letter 1762-G shall be rejected.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 4, 1993. The following Commissioners approved it:



---

Executive Director

DANIEL Wm. FESSLER  
President  
PATRICIA M. ECKERT  
NORMAN D. SHUMWAY  
P. GREGORY CONLON  
Commissioners