PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION G-3094
DECEMBER 17, 1993

R E S O L U T I O N

RESOLUTION G-3094. PACIFIC GAS & ELECTRIC REQUESTS AUTHORITY TO REVISE ITS INTERUTILITY (G-INT) RATE SCHEDULE.

BY ADVICE LETTER 1802-G, FILED ON OCTOBER 14, 1993.

SUMMARY

1. Pacific Gas & Electric (PG&E) seeks approval to revise its interutility tariff (G-INT) to allow transportation of gas across the PG&E system from Southern California to the Oregon border.

2. The Commission's Division of Ratepayer Advocates (DRA) protests this Advice Letter, requesting that a tracking account be established to record any additional revenues gained from offering this new service. Disposition of these revenues would be addressed in PG&E's next cost allocation proceeding.

3. This Resolution approves PG&E's request.

BACKGROUND

1. PG&E's inter-utility tariff (G-INT) is currently structured to assess tariffed rates only on gas that is flowing south across the PG&E system from the Oregon border (Malin station) to Southern California (Kern River station). Changed conditions in the interstate gas market now make it possible for PG&E to offer to deliver gas from the southern part of its system to the north. Due to the physical nature of the PG&E system, this gas will not physically move from south to north along the PG&E system, but instead will be delivered by the displacement of gas supplies that would otherwise flow south.

2. PG&E requests permission to revise its G-INT tariff to reflect PG&E's ability to deliver gas via displacement across its system from the south to the north. This would be accomplished by adding Malin, Oregon as a delivery point and Kern River Station as a receipt point for gas supplies under PG&E's G-INT tariff. The tariffed rate for gas moving south to north across the PG&E system would be identical to the rates currently assessed for north-south gas movements.

NOTICE

1. Public notice of Advice Letter 1802-G was made by publication in the Commission calendar and by PG&E mailing copies to all interested parties as required under General Order 96-A, Section III-G.

PROTESTS

1. DRA protested PG&E's Advice Letter filing on November 3, 1993. In its protest, DRA states that any additional revenues gained from revising PG&E's G-INT rate would flow solely to non-core ratepayers despite the fact that the existing PG&E system is paid for by both core and non-core ratepayers. DRA recommends that PG&E set up a tracking account for all additional revenues generated by PG&E's Advice Letter filing, and that the disposition of these revenues would be addressed in PG&E's next cost-allocation proceeding.

2. PG&E responded to DRA's protest on November 10, 1993. In its response, PG&E states that it is assigning the revenues from this new interutility service according to the rules adopted by the Commission in PG&E's last cost-allocation proceeding (D.92-10-051). In this decision, the Commission assigned all interutility revenues to PG&E's non-core revenue requirement. PG&E further argues that since shareholders are at risk for 25% of the non-core revenue requirement, the assignment to the non-core of any incremental revenues generated by interutility services provides PG&E with a strong incentive to identify new load opportunities. Finally, PG&E argues that any incremental revenue gained by PG&E shareholders from its new interutility service will only be temporary until PG&E's next cost-allocation proceeding, at which time a new forecast of interutility sales will be used to determine the non-core revenue requirement.

DISCUSSION

1. PG&E's new offering of south-to-north interutility service not only provides PG&E a chance to gain some incremental revenue but also offers further options and flexibility to gas users.

2. PG&E is correct that the Commission generally allows gas utilities to keep the revenues from any incremental sales made between cost-allocation proceedings, and that this provides gas utilities with an incentive to identify new load opportunities. In the present case, since the amount of incremental revenue generated by PG&E's new service offering is likely to be small, and since PG&E will be filing its next cost-allocation proceeding in the near future, CACD does not see any reason to change from the Commission's policy.

FINDINGS

1. PG&E should be allowed to revise its G-INT tariffs to reflect its ability to deliver gas from south to north across its system by displacement.

2. PG&E should be allowed to assign any incremental revenue generated by its revised G-INT tariffs to its non-core revenue requirement.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas & Electric Company's proposal, as requested in Advice Letter 1802-G, to revise it interutility tariff (G-INT) to reflect its ability to deliver gas from south to north across its system is approved.

2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 17, 1993. The following Commissioners approved it:

Neal J. Shulman

Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
Commissioners