

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION G-3172
October 5, 1995

R E S O L U T I O N

RESOLUTION G-3172. REQUEST OF PACIFIC GAS AND ELECTRIC COMPANY TO PROVIDE COMPRESSED NATURAL GAS STATION MAINTENANCE SERVICE.

BY ADVICE LETTER 1912-G, FILED ON JULY 7, 1995.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authorization to provide a new compressed natural gas (CNG) station maintenance service to PG&E customers taking gas service under Schedules G-NGV1 (Experimental Natural Gas Service for Compression on Customer's Premises), or G-NGV4 (Experimental Firm Intrastate Natural Gas Transportation Service to Noncore* Motor Vehicle Customers).
2. No protests were filed on PG&E's Advice Letter 1912-G.
3. This resolution approves the utility's request subject to conditions consistent with Commission policy on low-emission vehicles and competitive services.

BACKGROUND

1. Public Utility Code Section 745.5 grants the Commission discretion, under certain circumstances, to authorize utilities to engage in activities related to the emerging market for compressed natural gas-fueled vehicles. This Public Utilities Code Section is in effect until January 1, 1997.
2. On October 23, 1991, the Commission opened Investigation (I.) 91-10-029 and companion Rulemaking (R.) 91-10-028 to evaluate the role of electric and natural gas utilities in the market for electric and natural gas fueled vehicles, and to develop rules and procedures for utility activities in this area. On July 21, 1993, the Commission adopted policy guidelines in Decision (D.) 93-07-054 to assist utilities in developing their role in this emerging vehicle market. D.93-07-054 also ordered utilities to file special applications, in a Phase II of the I.91-10-029 and R.91-10-028, to assure uniform consideration and congruity among utility requests for funding, and among utility electric and natural gas vehicle programs statewide. A proposed decision in Phase II of this proceeding was circulated in July 1995, with a final decision expected in October 1995.

3. In other proceedings, the Commission has discussed utilities' pursuing new business opportunities to increase their revenues. In D.93-12-043, the applicant utility was encouraged to seek new sources of revenue so long as the effort is consistent with established regulatory policy. The Commission's expectation was that these revenues would help offset any revenue shortfalls that utilities might experience because of inflation. In D.94-08-088, the Commission encouraged the applicant utility to charge to stockholders those competitive services that would tend to build non-core gas throughput. In Resolution E-3337, dated October 6, 1993, the Commission approved the applicant utility's proposal to offer energy efficiency and management services on a for-profit basis in competition with energy service companies not affiliated with utilities. In Resolution E-3404, dated August 11, 1995, the Commission approved the applicant utility's proposal to offer a one-year pilot substation maintenance service.

4. In this request, PG&E seeks authorization to provide, on an on-going basis, CNG station maintenance service to PG&E customers taking gas service under Schedules G-NGV1 (Experimental Natural Gas Service for Compression on Customer's Premises), or G-NGV4 (Experimental Firm Intrastate Natural Gas Transportation Service to Noncore Motor Vehicle Customers). There are currently thirteen CNG stations owned by PG&E customers taking service under these tariff schedules.

5. PG&E currently performs this maintenance at its own CNG stations, using PG&E personnel specifically trained in this area, to ensure the safe operation of CNG stations in accordance with the National Fire Protection Association's guidelines, Occupational Safety and Health standards, and the requirements of the local Fire Marshall.

6. PG&E has received requests for CNG station maintenance service from current CNG station owners in PG&E's service territory, as well as customers considering the purchase of a PG&E owned CNG station. PG&E states that providing CNG station maintenance service will not interfere with existing PG&E CNG station maintenance work.

7. To receive the CNG station maintenance service, a customer would have to sign a maintenance agreement (Standard Form 79-844). Maintenance service may include monthly or one-time, as-needed services.

8. PG&E proposes to base charges for the CNG station maintenance service on its standard cost estimating procedures (Standard Practice #117.1-1 Accounts Receivable, Billing Other Parties and Capital Accounting Instruction #7 Appendix C). These charges will fully recover all the direct, indirect, and overhead costs of providing CNG station maintenance services.

9. PG&E intends to recover the costs of the CNG station maintenance service through the revenues collected from the customers who contract for the service. To accomplish this, PG&E will track, in a separate account, all direct, indirect,

overhead costs, and revenues associated with the CNG Station Maintenance Service Program.

10. In a letter to the Commission Advisory and Compliance Division (CACD) dated July 24, 1995, PG&E stated that in the event revenues from CNG station maintenance are not sufficient to cover all costs associated the CNG station maintenance program, PG&E's shareholders will fund the difference.

11. At the request of the Commission, PG&E will coordinate, as a CNG station maintenance program expense, an independent audit and review of the program's financial records after one year of service.

NOTICE

Notice of this advice letter was provided in accordance with Section III of General Order 96-A by publication in the Commission Calendar, by service to parties of record in R.91-10-028 and I.91-10-029, and by service to parties on PG&E's gas advice mailing list.

PROTESTS

The Commission Advisory and Compliance Division has not received protests to this advice letter.

DISCUSSION

1. The CNG station maintenance service is not a monopoly service and the utility is not under obligation to provide it. It is not known whether non-utility enterprises within PG&E's service territory are ready and able to provide this service.

2. The Commission has stated its concerns regarding utility requests for new competitive services through the advice letter process. In Resolution E-3404, dated August 11, 1995, the Commission ordered PG&E to file no further advice letters requesting authorization to offer competitive new services. Moreover, the Commission issued D.93-07-054 on July 21, 1993 to aggregate all utility requests related to low-emission vehicle programs in Phase II of I.91-10-029 and R.91-20-028. The Commission anticipates that the Phase II order will establish a review process for considering program and funding changes during the six-year program cycle to begin when the Commission acts on the applications. CACD will consider the instant advice letter because it was filed prior to August 11, 1995, and because the Commission has not yet issued its final order in Phase II of I.91-10-029.

3. CACD has reservations about approving the new CNG station maintenance service on an on-going basis because the Commission loses its specific authority to allow natural gas utilities to construct and maintain natural gas refueling stations on January

1, 1997. (See Public Utilities Code Section 745.5) CACD will not consider PG&E's request to provide on-going CNG station maintenance service, but will consider PG&E's provision of the CNG station maintenance service until December 31, 1996.

4. PG&E proposes to conduct an independent audit and review of the CNG station maintenance program's financial records, upon request of the CPUC, after one year of service. CACD is concerned that all information regarding PG&E's activities related to low-emission vehicles be consolidated and consistent with the reporting requirements which are being established in Phase II of I.91-10-029. Therefore, in addition to PG&E's proposed independent audit, CACD believes that PG&E should adhere to the reporting requirements that are being established as part of Phase II of I.91-10-029.

5. CACD is concerned that PG&E operate its CNG station maintenance program in a manner that allows customers to make informed choices. CACD believes this should include advising customers, before contracting with PG&E for CNG station maintenance service, that PG&E will not provide CNG station maintenance service as a regulated service beyond December 31, 1996, and to advise customers that other firms may be able to provide such services.

6. Paragraph 7 of the Service Agreement (Form 79-844) provides for customer payment for services rendered. As stated by PG&E, services will be priced according to PG&E's Standard Practice #117.1-1, a method and format that is currently used to bill customers for work performed at their request.

7. PG&E has had four other Service Agreements approved by the Commission in prior years: Standard Form 62-4527, Standard Form 79-280, Standard Form 79-255, and Standard Form 79-800. CACD has reviewed Form 79-844 submitted with the instant advice letter and believes it would be consistent with other Service Agreements previously approved by the Commission if modified to include the following service interruption provision:

"PG&E shall make reasonable attempt to provide those services requested hereunder in a timely and expeditious manner. However, PG&E shall not be responsible for any delay in completion of its work resulting from shortage of labor or materials, strike, labor disturbances, war, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or Commission, delay in obtaining necessary rights of way and easement, acts of God, or any other cause or condition beyond the control of PG&E.

In the event that PG&E has insufficient material or labor resources to accommodate all of its construction and maintenance requirements, PG&E shall have the right to allocate these resources to the construction projects which it deems, in its sole discretion, most important to serve the needs of all of its customers. Any delay in service work for the Customer hereunder, resulting from such

allocation or reallocation of PG&E's resources shall be deemed to be beyond PG&E's control."

8. PG&E intends to recover the costs of the CNG station maintenance service through the revenues collected from the customers who contract for the service. To accomplish this, PG&E will track, in a separate account, all direct, indirect, overhead costs, and revenues associated with the CNG Station Maintenance Service Program. In a letter dated July 24, 1995, PG&E stated that in the event revenues from CNG station maintenance are not sufficient to cover all costs associated the CNG station maintenance program, PG&E's shareholders will fund the difference. CACD concurs with this proposal and would emphasize that none of the costs related to damage caused by PG&E, as well as customers' uncollectible bills and CNG station maintenance service related liabilities, should be borne by PG&E ratepayers.

FINDINGS

1. PG&E filed Advice Letter 1912-G on July 7, 1995 seeking approval of a new CNG station maintenance service.
2. On July 21, 1993, the Commission issued D.93-07-054 which prescribed policy guidelines to govern utility activities related to low-emission vehicles and directed utilities to file special applications requesting authorization and funding for low-emission vehicle activities.
3. On January 1, 1997, the Commission loses its express authority to allow natural gas utilities to construct and maintain natural gas refueling stations (Public Utilities Code Section 745.5).
4. The Commission previously addressed utilities' pursuit of new competitive services in D.93-12-043, D.94-08-088, Resolution E-3337, and Resolution E-3404.
5. PG&E's proposed CNG station maintenance service is not a monopoly service, and the utility is not obliged to provide it.
6. PG&E's proposed CNG station maintenance service will not interfere with regular maintenance work elsewhere on PG&E's system.
7. Applicants for the CNG station maintenance service will sign a maintenance agreement (Standard Form 79-844).
8. Pricing of the CNG station maintenance service will be according to the standard cost estimate procedures (Standard Practice #117.1-1 Accounts Receivable, Billing Other Parties and Capital Accounting Instruction #7 Appendix C).
9. All costs of PG&E's CNG station maintenance service will be recovered from the revenue collected from the customers who contract for the service.

10. In the event revenues from CNG station maintenance are not sufficient to cover all costs associated with PG&E's proposed CNG station maintenance program, PG&E's shareholders will fund the difference.

11. PG&E's service list for Advice Letter 1912-G meets the requirements of General Order 96-A.

12. No protests were filed with the Commission Advisory and Compliance Division on PG&E's Advice Letter 1912-G.

13. PG&E's request is reasonable as modified in paragraphs 1 through 8 of the Discussion.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company Advice Letter 1912-G is approved subject to the following modifications:

a. PG&E shall not provide CNG station maintenance service beyond December 31, 1996.

b. PG&E's shall adhere to the reporting requirements that are being established as part of Phase II of I.91-10-029 and R.91-10-028 for its CNG station maintenance service program.

c. PG&E shall inform its prospective customers that the CNG station maintenance will not be provided beyond December 31, 1996 as a regulated service.

d. PG&E shall inform its prospective customers that other firms may be available to perform the CNG station maintenance work.

e. PG&E shall establish a CNG Station Maintenance tracking account to record all expenses, revenues and investments in the CNG Station Maintenance Program. PG&E shall produce an independent audit of the program's financial records and deliver it to the Commission Advisory and Compliance Division on January 31, 1997, 30 days after the expiration of the program.

f. PG&E shall add a service interruption provision to its Standard Form 79-844 as follows:

"PG&E shall make reasonable attempt to provide those services requested hereunder in a timely and expeditious manner. However, PG&E shall not be responsible for any delay in completion of its work resulting from shortage of labor or materials, strike, labor disturbances, war, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or Commission, delay in obtaining necessary rights of way and easement, acts

of God, or any other cause or condition beyond the control of PG&E.

In the event that PG&E has insufficient material or labor resources to accommodate all of its construction and maintenance requirements, PG&E shall have the right to allocate these resources to the construction projects which it deems, in its sole discretion, most important to serve the needs of all of its customers. Any delay in service work for the Customer hereunder, resulting from such allocation or reallocation of PG&E's resources shall be deemed to be beyond PG&E's control."

2. Should PG&E choose to implement the CNG Station Maintenance Program as modified herein, it may file a supplemental advice letter incorporating the modifications set forth in this Resolution not later than 30 days after the effective date of this Resolution. The supplemental advice letter shall be effective on the date filed.

3. PG&E shareholders shall accept all liabilities that arise from PG&E's CNG station maintenance program.

4. PG&E shall file no further advice letters requesting programs for competitive new services or new services relating to low-emission vehicles.

October 5, 1995

5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 5, 1995. The following Commissioners approved it:



WESLEY M. FRANKLIN
Acting Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
Commissioners

I abstain.

/s/ JOSIAH L. NEEPER
Commissioner