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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

I.D. #11540
RESOLUTION G-3473
September 13, 2012

R E S O L U T I O N

Resolution G -3473. Pacific Gas and Electric Company (PG&E) requests approval of revisions to certain of its gas tariffs pertaining to the administration of the Core Gas Aggregation Program.

PROPOSED OUTCOME: This Resolution approves PG&E's request.

ESTIMATED COST: None

By Advice Letter 3294-G filed on April 27, 2012 and 3294-G-A filed on June 27, 2012

SUMMARY

This Resolution approves the proposed revisions to gas tariffs pertaining to the administration of the Core Gas Aggregation Program. The revisions clarify the operation of tariffs, resolve inconsistencies across tariffs and make miscellaneous changes including correcting typographical errors and updating department names and contact information.

BACKGROUND

Decision (D.) 97-08-055 provided for the unbundling of gas services. In response Pacific Gas and Electric Company (PG&E) developed its Core Aggregation Program. The program provides an optional service allowing core customers to purchase gas directly from third party suppliers, rather than from PG&E. In the PG&E Core Aggregation Program these suppliers are called Core Transport Agents (CTAs). Customers using the service continue to rely on PG&E for gas transmission and distribution services.

On April 27, 2012 PG&E filed a Tier 3 Advice Letter (AL), AL 3294-G, requesting approval of revisions to certain of its gas tariffs pertaining to the administration of the Core Gas Aggregation Program. PG&E states that the revisions are intended to: clarify administrative procedures that align with current business practices; clarify the timing and quantity of gas storage inventory transfers; allow CTAs the right to assign core firm

storage and transmission capacity; resolve inconsistencies between relevant tariffs; and, to make miscellaneous clean-up changes, such as updating department names.

AL 3294-G incorrectly described proposed changes to “*Gas Form 79-845-D Core Firm Storage Declarations.*” In response to an Energy Division request, PG&E submitted a supplement, AL 3294-G-A on June 27, 2012. The supplement corrects the description of the proposed changes to Gas Form 79-845-D. The supplement is clarifying in nature and PG&E requested that, consistent with Section 7.5.1 of General Order 96-B, the protest period not be reopened. The Energy Division did not reopen the protest period.

NOTICE

Notice of AL 3294-G and AL 3294-G-A was made by publication in the Commission’s Daily Calendar. Pacific Gas and Electric Company states that a copy of these Advice Letters was electronically mailed to parties on its service list and the service list for Application (A.) 09-09-013 and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

Advice Letter 3294-G was not protested.

DISCUSSION

The tariff revisions to the Core Aggregation Program requested by PG&E in AL 3294-G and clarified in AL 3294-G-A should be approved. The Commission has reviewed the proposed revisions and determined that the clarifications and revisions making the Core Aggregation Programs consistent across all applicable Rules are both appropriate and necessary. A limited number of the revisions incorporate new practices and were not previously ordered by the Commission. These include the implementation of provisions concerning creditworthiness, and provisions allowing CTAs additional flexibility and options.

Proposed revisions impact Gas Rules 21.1, 23, 25 and 26; Gas Schedules G-CT and G-CFS and Gas Forms 79-845 F, I and J. The revisions are summarized below.

Gas Rule 21.1 – Use of PG&E’s Firm Interstate Rights, Proposed Revisions: PG&E proposes deleting this rule. The current Gas Rule 21.1 details business practices no longer utilized. Interstate capacity releases are currently done with adherence to all Federal Energy Regulatory Commission requirements which are more detailed and timely than the procedures in Rule 21.1. The Direct Assignment process that assigned

core interstate capacity to individual core customers is no longer practiced. Deleting this rule necessitates deleting the corresponding Form 79-780, Agreement for Assigned Interstate Capacity for Service to Core Customers.

Gas Rule 23 – Core Aggregation Service for Core Transport Customers: Several of the proposed revisions are intended to make Gas Rule 23 consistent with Gas Rule 25, and reflect changes approved in prior Advice Letters. Rule 25 addresses issues of creditworthiness and payment terms. With regard to the specific changes, the reference to an obsolete non-refundable credit application fee was removed in order to be consistent with Rule 25 which removed similar language as approved by AL 2439-G. Further, the revisions add schedule G-CT as an applicable schedule billed under separate invoices and note that the past due and Notices provisions of Gas Rule 25 are applicable to such invoices. The revisions also clarify that the current business practice for interest paid on cash deposits is in accordance with Gas Rule 25. Additional proposed revisions concerning creditworthiness and payment terms remove the reference to Gas Schedule G-ESP charges as they are billed under optional consolidated PG&E billing; clarify the current business practice that allows a CTA to further reduce its credit requirements; and eliminate the obsolete Good Payment History section because other alternatives to reduce credit requirements are available to CTAs, and the provision has never been used by CTAs. Finally, the revisions update definitions with those filed in approved Advice Letters 3195-G and 3195-G-A.

Gas Rule 25 – Gas Services – Customer Creditworthiness and Payment Terms: As part of the most recent Gas Accord, CTAs become responsible for their allocated share of pipeline capacity. They have the choice of taking that capacity and using it or assigning it and/or having it auctioned off with the proceeds going to pay for their allocated capacity. The proposed revision clarifies the security amount required for capacity to be auctioned or released on behalf of CTAs and clarifies the obligation for the released capacity for which PG&E is secondarily liable. Should an assignee default, PG&E may recover the cost obligation from the CTAs who reject the capacity on the respective pipeline.

Gas Rule 26 – Standards of Conduct and Procedures Related to Transactions, Etc.: This proposed revision increases options by making preferentially-priced Baja-to-On-System capacity available to both CTAs and the Core Gas Supply department.

Gas Schedule G-CT – Core Gas Aggregation Service: Consistent with other revisions and the responsibility CTAs now have for capacity, the proposed revisions add language to incorporate all Schedules currently available for use by CTAs; add the Gas Transmission Service Agreement as an applicable agreement that must be executed to receive service under this Schedule; add the right for CTAs to assign core firm storage

and transmission pipeline capacity and allow CTAs additional flexibility to mitigate the cost associated with PG&E resources that are allocated to the CTAs; clarify the Firm Winter Capacity Requirements and provide for consistency with the current administration of this provision in G-CT.

Gas Schedule G-CFS – Core Firm Storage: The proposed revisions to this schedule clarify the timing of storage inventory transfers by specifying dates of transfer, clarify mid-year storage adjustment procedures which involve transferring gas inventories between PG&E and CTAs, standardize and clarify the method of determining quantities of gas to be transferred to and from PG&E; and, eliminate the obsolete section Gas Inventory for transfers between CTAs because CTAs use other alternatives that allow them to transfer their own gas inventories.

Gas Form 79-845-F, I and J: A revision to 79-845-F includes new categories of reports to be issued. These are consistent with discussions held with CTAs on the issue of reporting. Revisions to 79-845-I and J clarify respectively the certification requirements to be used when a CTA intends to use Alternative Resources for Storage Withdrawal Capacity and Alternate Firm Winter Capacity. Additionally, a reference to the forms being executed by both PG&E and the CTA is not necessary and has been removed.

Additional revisions of an administrative nature were made to Gas Rules 1, 23, and 26; Gas Schedules G-CT and G-CFS; and Gas Forms 79-845, 79-845 – A,C,D,F and K, and Gas Form 79-1139. These revisions correct typographical errors; update department names; make definitions and internal references consistent across the rules; allow for e-mail as a means of formal communications between Parties; correct titles of agreements; and update contact information.

The proposed revisions are consistent with good business practice, further the objectives of the Core Aggregation Program and were not protested.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. PG&E filed a Tier 3 Advice letter requesting approval of Gas Tariff revisions for its Core Aggregation Program.

2. The revisions make corrections to Tariffs, make the Tariffs internally consistent, clarify language, incorporate new provisions consistent with good business practice, provide additional flexibility to CTAs, and are consistent with the goals of the Core Aggregation Program.
3. PG&E AL 3294-G as clarified by AL 3294-G-A should be approved.

THEREFORE IT IS ORDERED THAT:

1. With the clarification provided by AL 3294-G-A, PG&E Advice Letter 3294-G is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 13, 2012; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director