

July 21, 2000

ADVICE 2252-G

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (the Company) hereby submits for filing revisions to its gas tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

The Company is requesting to reduce the current on-system in-kind shrinkage allowance set forth in gas Rule 21—*Transportation of Natural Gas*, on an interim basis, to the level proposed in the Company's 2000 Biennial Cost Allocation Proceeding (BCAP) Application (A.) 00-04-002. As set forth in A. 00-04-002 at p. 1-3, footnote 2, data has been compiled which indicates that the current shrinkage factors are too high. Lowering gas deliveries by customers to more closely match the amount of shrinkage gas needed on the Company's system will more accurately reflect current system operations. The Company proposes that these shrinkage allowances remain in effect until new shrinkage allowances are adopted in the 2000 BCAP.¹

Shrinkage gas is comprised of: 1) lost and unaccounted for gas supplies (LUAF), and 2) the Company's gas department usage, which includes compressor fuel (GDU). Shippers on the Company's system are required to bring enough gas into the pipeline system to cover their customers' metered gas use and an amount of in-kind shrinkage gas to cover both "lost" gas and the amount of gas used by the pipeline when delivering gas to customers.

Based on the Company's Gas System Operations data from Gas Accord implementation on March 1, 1998, through October 31, 1999, GDU and LUAF have been calculated at about 2.3 percent of the total system load, compared to the current adopted forecast of 3.2 percent of the total system load.

¹ The Company continues to study ways to better manage shrinkage on its system. As an example, the Company is examining mechanisms used by other pipelines. If the Company determines that further proposals should be implemented, such as a true-up mechanism to adjust for the over- and under-collection of shrinkage that may occur during the period of the Gas Accord, it may file for such proposals through a separate mechanism. The Company will work with interested parties prior to making such a filing.

The 1998 BCAP adopted shrinkage allowances are as follows:

1998 BCAP ADOPTED SHRINKAGE ALLOWANCES

Line No.		Core	Noncore Distribution	Noncore Transmission
1	Transmission	1.73%	1.73%	1.73%
2	Distribution	<u>4.02%</u>	<u>0.22%</u>	---
3	Total	5.75%	1.95%	1.73%

In the Company's 2000 BCAP, proposed shrinkage allowances are based on a shrinkage forecast of 2.3 percent of the total system load (see p. 6-19, Revised Testimony Incorporating May 2000 Errata, filed June 6, 2000) as follows:

PROPOSED SHRINKAGE ALLOWANCES

Line No.		Core	Noncore Distribution	Noncore Transmission
1	Transmission	1.37%	1.37%	1.37%
2	Distribution	<u>2.31%</u>	<u>0.16%</u>	---
3	Total	3.68%	1.53%	1.37%

The Company's gas procurement department delivers shrinkage gas in-kind for its core procurement and core subscription customers. Upon Commission approval of this advice filing, the shrinkage rate components of the monthly procurement price changes for core Schedule G-CP and core subscription Schedule G-CSP will be revised to reflect the new shrinkage allowances.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

The Company requests that this filing be approved effective **October 1, 2000**, which is more than 40 days after the date of this filing. In the alternative, the Company will implement this filing on the first day of the month following the month in which the Commission approves this filing.

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Anyone wishing to protest this advice letter may do so by sending a letter within twenty (20) days after the date of this filing. Protests should be mailed to:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of Director, Energy Division, and Jerry Royer, Energy Division, at the address above. A copy of the protest should be sent by U.S. mail and via facsimile to:

Pacific Gas and Electric Company
Attention: Les Guliasi
Manager, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

The protest shall set forth the grounds upon which it is based, and shall be submitted expeditiously. There is no restriction on who may file a protest.

In accordance with Section III, Paragraph G, of General Order 96-A, the Company is mailing copies of this advice letter to the utilities and interested parties shown on the attached list and to the service lists shown below. For mailing list changes, please telephone Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

cc: Service Lists – BCAP A. 00-04-002

ID U39G

OII Settlement Parties



RULE 21—TRANSPORTATION OF NATURAL GAS
 (Continued)

B. QUANTITIES OF GAS (Cont'd.)

1. IN-KIND SHRINKAGE ALLOWANCE (Cont'd.)

a. Backbone Shrinkage

Customer/Agent/CTAs transporting gas over PG&E's Backbone Transmission System shall deliver each day at the Receipt Point to PG&E an additional in-kind quantity of natural gas supply equal to a percent of total volume of natural gas to be delivered at the Receipt Point. Thus, the quantity to be nominated at the Receipt Point equals the quantity desired at the Delivery Point divided by (1 - x) where x is the decimal equivalent of the Backbone Transmission System In-Kind Shrinkage Allowance percentage, based on the transmission path utilized as follows:

<u>Path</u>	<u>In-Kind Shrinkage Allowance</u>	
Redwood to Off-System path	1.11 percent	
Mission to On-System path	0 percent	
Mission to Off-System path	0 percent	
All other transmission paths	1.37 percent	(C)

Provided, however, that PG&E and Customer/Agent/CTA shall not be prohibited under this Rule, where shrinkage requirements support a different shrinkage allowance, from mutually agreeing to a different shrinkage allowance for transportation over PG&E's Backbone Transmission System.

(Continued)



RULE 21—TRANSPORTATION OF NATURAL GAS
(Continued)

B. QUANTITIES OF GAS (Cont'd.)

1. IN-KIND SHRINKAGE ALLOWANCE (Cont'd.)

b. Distribution Shrinkage

For transportation on PG&E's Distribution System, an additional In-Kind Shrinkage Allowance shall apply, which is separate from backbone shrinkage. The Noncore End-Use Customer/Agent/CTA shall deliver each day to PG&E an additional in-kind quantity of natural gas supply equal to a percent of the total volume of natural gas flowing through the End-Use Customer's meter. Thus, the quantity to be nominated at the Citygate equals the quantity to be flowed through the meter multiplied by (1 + y) where y is the decimal equivalent of the Distribution System In-Kind Shrinkage Allowance percentage, as follows:

	<u>In-Kind Shrinkage Allowance</u>	
Core End-Use Customer	2.31 percent	(C)
Noncore Distribution Level End-Use Customer	0.16 percent	(C)
Noncore Transmission Level End-Use Customer*	—	

As an example, for a Core End-Use Customer being served via the Redwood Path, the amount to be nominated at Malin is calculated as:

$$\text{Receipt Point Quantity} = \frac{\text{Est. Metered Usage} \times (1 + y)}{(1 - x)}$$

Where: x = decimal equivalent of the Backbone Shrinkage percentage, and

y = decimal equivalent of the Distribution Shrinkage percentage

* Noncore Transmission Level End-Use Customers or Agents require no Distribution System In-Kind Shrinkage Allowance.

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Advice Letter No. 2252-G

Decision No.

Issued by

DeAnn Hapner

Vice President

Regulatory Relations

Date Filed July 21, 2000

Effective _____

Resolution No. _____



Pacific Gas and Electric Company
San Francisco, California

Revised
Revised
Cancelling

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Cal. P.U.C. Sheet No.

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19889-G

20101-G
19889-G

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