

## REVISED PAGE 1

February 26, 2001

### **Advice 2295-G**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

#### **Subject:**

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

#### **Purpose**

The purpose of this advice filing is to change gas Rule 14—*Capacity Allocation and Constraint of Natural Gas Services*, to comply with Decision (D.) 01-02-049, issued February 15, 2001. D. 01-02-049 provides that PG&E shall waive noncompliance charges associated with Emergency Flow Orders (EFO) and Operational Flow Orders (OFO) for PG&E's core procurement customers. These waivers are necessitated by the current gas supply emergency in California and shall remain in effect until the Commission declares that the gas supply emergency has ended.

#### **Background**

PG&E and other California utilities have incurred huge debts due to sharp increases in the wholesale cost of electricity since the summer of 2000. Although gas supply is available, many suppliers are now unwilling to sell gas to PG&E due to creditworthiness considerations. Unlike electricity, the entire cost of gas is passed on to consumers, along with any OFO/EFO noncompliance charges. On January 16, 2001, the Commission's Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN) filed an emergency petition to modify Gas Accord D. 97-08-055 and Resolution (R.) G-3288 to request that OFO/EFO charges be waived for core procurement ratepayers and that charges for involuntary diversions of noncore gas supplies be modified, on an expedited basis.<sup>1</sup>

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<sup>1</sup> On January 18, 2001, PG&E filed A. 01-01-024 which seeks a Commission find of an imminent gas supply emergency in PG&E's service territory, followed by the January 22, 2001, filing of a petition to modify D. 00-12-064 to allow PG&E to pledge its gas and electric customer accounts receivable. In response to A. 01-01-024, ORA/TURN filed the emergency petition resulting in D. 01-02-049. D. 01-01-062, issued on January 31, 2001, approved PG&E's request to pledge accounts receivable and

**Tariff Revisions**

PG&E is revising gas Rule 14, Section E—Operational Flow Orders, and Section F—Emergency Flow Orders, to provide for waiver of noncompliance charges incurred by core customers during the gas supply emergency referred to in D. 01-02-049. PG&E has included language clarifying, consistent with the intent of D. 01-02-049, that this waiver shall apply only to core customers whose gas is purchased by PG&E's Core Procurement Department. PG&E's tariffs may be further modified through a Commission ruling should conditions surrounding the energy shortage situation change in California. The waiver of OFO/EFO noncompliance charges for PG&E core customers will remain in effect until the Commission issues such a ruling.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

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

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core gas inventory for the purpose of procuring gas supplies and storage gas for PG&E's core customers.

**Effective Date**

In accordance with D. 01-02-049, PG&E requests that this advice filing become effective on **February 15, 2001**.

**Notice**

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. PG&E is also serving a copy of this advice filing on the parties on the Service Lists for A. 92-12-043, 94-06-044, R. 90-02-008, and R. 88-08-018. Address changes should be directed to Nel Avendano at (415) 973-3529.

Advice letter filings can also be accessed electronically on PG&E's website at:  
<http://www.pge.com/business/tariffs/>

Vice President - Regulatory Relations

Attachments

cc: Service Lists – A. 92-12-043, 94-06-044, R. 90-02-008, and R. 88-08-018



RULE 14—CAPACITY ALLOCATION AND CONSTRAINT OF NATURAL GAS SERVICE  
(Continued)

E. OPERATIONAL FLOW ORDERS (OFO) (Cont'd.)

OFO NONCOMPLIANCE CHARGE EXEMPTION:

If a Balancing Agent's OFO noncompliance charge is calculated after the OFO Imbalance Rights trading period to be less than or equal to \$1,000 for any month, the noncompliance charge will be exempted and the charge will be zero. If the noncompliance charge is greater than \$1,000, the Balancing Agent will be responsible for the full noncompliance charge; i.e., \$1,000 will not be deducted from the calculated noncompliance charge. This exemption provision only applies to OFO noncompliance charges.

In accordance with Decision 01-02-049, PG&E shall waive any OFO noncompliance charges incurred by core customers whose gas commodity is procured by PG&E's Core Procurement Department, for the period of the gas supply emergency referred to in the foregoing decision. This waiver shall remain in effect until the CPUC declares that the gas supply emergency has ended.

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(N)

OFO COMPLIANCE

OFO compliance and charges will be based on the following:

1. For a Noncore End-Use Customer with automated meter reading (AMR) capability and for PG&E's Electric Generation (EG) Department, compliance during an OFO will be based on actual daily metered usage, and the calculation after the OFO event of any applicable noncompliance charge will be based on actual daily metered usage.
2. For a Noncore End-Use Customer without AMR capability (all or part non-AMR capability at their premises), or for Noncore End-Use Customers with non-functioning AMR meters, and all Schedule G-CSP Customers, compliance during an OFO will be based on the average daily quantity (ADQ) as specified in the Customer's NGSA. The calculation of any applicable noncompliance charges after the OFO event will be based on one of the following, whichever results in the lesser charge:
  - a) the Customer's ADQ; or
  - b) the Customer's actual daily metered usage; or
  - c) when Customer's actual daily metered usage is not available (e.g., due to meter failure), the average daily metered usage for the affected premises will be substituted for the actual daily metered usage. The average daily metered usage is calculated by dividing the recorded monthly usage by the number of days in the billing period.

(Continued)



RULE 14—CAPACITY ALLOCATION AND CONSTRAINT OF NATURAL GAS SERVICE  
(Continued)

F. EMERGENCY FLOW ORDERS (EFO) (Cont'd.)

3. For a Core Procurement Group (CP Group), compliance during an EFO will be based on the latest available forecast for the CP Group prior to the time the event is called, up to and including a 5:00 p.m. Pacific Time forecast, from the core load forecast model. The calculation after the EFO event of any applicable noncompliance charge will also be based on the core load forecast model forecast for the CP Group.

4. In accordance with Decision 01-02-049, PG&E shall waive any EFO noncompliance charges incurred by core customers whose gas commodity is procured by PG&E's Core Procurement Department, for the period of the gas supply emergency referred to in the foregoing decision. This waiver shall remain in effect until the CPUC declares that the gas supply emergency has ended.

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With the exception of the EFO noncompliance charge waiver specified above, if PG&E invokes an involuntary supply diversion (see Section G, below) in conjunction with an EFO, an additional \$5/Th diversion usage charge will apply for a total involuntary diversion charge of \$10/Th for all gas delivered in excess of the supply received by PG&E.

(N)

An EFO will normally be invoked following an Operational Flow Order (OFO), but PG&E may invoke an EFO without previously invoking an OFO if, in PG&E's judgement, emergency operating conditions exist. There shall be no minimum notice period for EFOs; however, PG&E will attempt to provide as much notification to Customers as practicable under the circumstances.

PG&E may implement other measures to ensure system integrity should an EFO fail to alleviate the emergency condition.

(Continued)



RULE 14—CAPACITY ALLOCATION AND CONSTRAINT OF NATURAL GAS SERVICE  
(Continued)

G. DIVERSION OF CUSTOMER-OWNED GAS (Cont'd)

1. INVOLUNTARY DIVERSIONS

PG&E may divert gas supplies from Backbone Transmission System Customers. Firm transportation to off-system is not subject to diversion. Diversions will occur in the following order:

- a. Supply scheduled under As-Available transmission service will be diverted in order of increasing transmission contract price and on a pro rata basis for all volumes transported under the same price. However, supply under scheduled deliveries from storage using As-Available transmission service will be treated as the highest priority Firm transmission service. (See G.1.c., below.)
- b. Supply scheduled to Noncore End-User Customers under Firm transmission service is diverted on a pro rata basis.
- c. Scheduled deliveries from storage using Firm or As-Available transmission service will be treated as the highest priority Firm transmission service and will be diverted on a pro rata basis.

2. INVOLUNTARY DIVERSION COMPLIANCE AND CHARGES

All Customers who use more gas during an involuntary diversion than their post-diverted supply, whether or not their gas is subject to an involuntary diversion, will be assessed involuntary diversion charges. Those customers will be deemed to be receiving involuntarily diverted supply, and therefore will be assessed a \$5/Th diversion usage charge, in addition to a \$5/Th EFO noncompliance charge, for a total involuntary diversion charge of \$10/Th. See Section F.4 above regarding conditional waiver of EFO noncompliance charges during an involuntary diversion.

(N)  
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(N)

Involuntary diversion compliance and charges will be based on the following:

- a. For a Noncore End-Use Customer with automated meter reading (AMR) capability, compliance and the calculation after the involuntary diversion event of any involuntary diversion charge will be based on actual daily metered usage and the post-diverted supply. (Post-diverted supply is the original scheduled supply less the diverted volumes.)

(Continued)



TABLE OF CONTENTS  
(Continued)  
RULES

| RULE | TITLE OF SHEET  | CAL P.U.C. SHEET NO.  |
|------|---|---|
| 1    | Definitions .....   | 18195 to 18207, 19429-G   |
| 2    | Description of Service .....  | 13299 to 13302, 14903, 17521-G  |
| 3    | Application for Service .....   | 13842, 13843-G  |
| 4    | Contracts .....   | 17051-G   |
| 4.1  | Exemption From Public Inspection Requirements for Certain Gas Corporation Contracts<br>.....  | 18013 to 18016-G  |
| 5    | Special Information Required on Forms .....   | 17641, 13348, 13349-G   |
| 6    | Establishment and Reestablishment of Credit .....   | 18871, 18872, 18873-G   |
| 7    | Deposits .....  | 18212, 18213-G  |
| 8    | Notices .....   | 17579, 17580, 15726, 17581, 15728-G   |
| 9    | Rendering and Payment of Bills .....  | 19353, 18712, 13357, 17393, 17780, 17781-G  |
| 10   | Disputed Bills .....  | 18214 to 18216-G  |
| 11   | Discontinuance and Restoration of Service .....   | 18217 to 18228, 19710-G   |
| 12   | Rates and Optional Rates .....  | 18229, 18996, 18997, 20020-G  |
| 13   | Temporary Service .....   | 18799, 18800-G  |
| 14   | Capacity Allocation and Constraint of Natural Gas Service .....   | 18231 to 18239,<br>20064, 20065, 20393, 20067, 20068, 20069, 19121, 20394, 18244, 20395, 19786, 19122<br>-G (T) |
| 15   | Gas Main Extensions<br>.....  | 18801, 18802, 18803, 19888, 18805 to 18808, 19489, 19490, 18810 to 18814-G                                      |
| 16   | Gas Service Extensions ..   | 18815, 18816, 17728, 17161, 18817 to 18825, 17737, 18826, 18827-G   |
| 17   | Meter Tests and Adjustment of Bills for Meter Error .....   | 14450 to 14456-G  |
| 17.1 | Adjustment of Bills for Billing Error .....   | 14457, 14458-G  |
| 17.2 | Adjustment of Bills for Unauthorized Use .....  | 14459 to 14461-G  |
| 18   | Supply to Separate Premises and Submetering of Gas .....  | 13399, 17796, 13401-G   |
| 19   | Medical Baseline Quantities .....   | 17807, 17274, 17275-G   |
| 19.1 | California Alternate Rates for Energy for Individual Customers and Submetered<br>Tenants of Master-Metered Customers .....  | 19370, 19974, 19372, 19373-G  |
| 19.2 | California Alternate Rates for Energy for Nonprofit Group-Living<br>Facilities .....  | 17132, 19975, 17035, 17134, 17037-G   |
| 19.3 | California Alternate Rates for Energy for Qualified Agricultural<br>Employee Housing Facilities .....   | 17305, 19976, 17307, 17308-G  |
| 21   | Transportation of Natural Gas<br>.....  | 18907, 20099, 20100, 18910, 19089, 18912 to 18918, 18256 to 18258-G   |
| 21.1 | Use of PG&E's Firm Interstate Rights .....  | 18259, 18260, 18261-G   |
| 21.2 | Customer Assignment of Interstate Capacity Rights .....   | 20070, 20071-G  |
| 23   | Gas Aggregation Service for Core Transport Customers<br>.....   | 20072, 18263 to 18267, 20073, 18269 to 18272-G  |
| 25   | Gas Services-Customer Creditworthiness and Payment Terms .....  | 20074 to 20084-G  |
| 26   | Standards of Conduct and Procedures Related to Transactions with Intracompany<br>Departments, Reports of Negotiated Transactions, and Complaint Procedures<br>..... | 18284, 18285, 18633, 18287-G  |

(Continued)



TABLE OF CONTENTS

|                                      | <u>CAL P.U.C.<br/>SHEET NO.</u> |     |
|--------------------------------------|---------------------------------|-----|
| Title Page.....                      | 11271-G                         |     |
| Table of Contents:                   |                                 |     |
| Rate Schedules .....                 | 20397,20386-G                   | (T) |
| Preliminary Statements .....         | 20385-G                         | (T) |
| Rules .....                          | 20396-G                         |     |
| Maps, Contracts and Deviations ..... | 20212-G                         |     |
| Sample Forms .....                   | 20148,19381,20089,20145,19708-G |     |

RATE SCHEDULES

RESIDENTIAL

| <u>SCHEDULE</u> | <u>TITLE OF SHEET</u>                                 | <u>CAL P.U.C.<br/>SHEET NO.</u> |
|-----------------|---|---------------------------------|
| G-1             | Residential Service .....                             | 20371,18597-G                   |
| GM              | Master-Metered Multifamily Service .....              | 20372,19843,18599-G             |
| GS              | Multifamily Service .....                             | 20373,19301,18601-G             |
| GT              | Mobilehome Park Service .....                         | 20374,19302-G                   |
| G-10            | Service to Company Employees .....                    | 11318-G                         |
| GL-1            | Residential CARE Program Service .....                | 20375,18603-G                   |
| GML             | Master-Metered Multifamily CARE Program Service ..... | 20376,19844,18605-G             |
| GSL             | Multifamily CARE Program Service .....                | 20377,19304,18607-G             |
| GTL             | Mobilehome Park CARE Program Service .....            | 20378,20379,18608-G             |
| G-MHPS          | Master-Metered Mobilehome Park Safety Surcharge ..... | 19986-G                         |

NONRESIDENTIAL

|       |  |                           |
|-------|--|---------------------------|
| G-NR1 | Gas Service to Small Commercial Customers .....                              | 20380,18980-G             |
| G-NR2 | Gas Service to Large Commercial Customers .....                              | 20381,18981-G             |
| G-CP  | Gas Procurement Service to Core End-Use Customers .....                      | 20382-G                   |
| G-CSP | Core Subscription Gas Procurement Service to Noncore End-Use Customers ..... | 20361,20152,20153-G       |
| G-NT  | Gas Transportation Service to Noncore End-Use Customers ..                   | 20290,20291,18361,18111-G |
| G-COG | Gas Transportation Service to Cogeneration Facilities .....                  | 20106,19794,18114,18985-G |
| G-EG  | Gas Transportation Service to Electric Generation .....                      | 20292,19423-G             |
| G-30  | Public Outdoor Lighting Service .....  | 20293,17050-G             |
| G-WSL | Gas Transportation Service to Wholesale/Resale Customers ..                  | 20294,19253,19254,18120-G |
| G-BAL | Gas Balancing Service for Intrastate Transportation Customers .....          | 20032 to 20045-G          |

(Continued)