

PUBLIC UTILITIES COMMISSION

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REGULATORY RELATIONS DEPARTMENT

AUG 11 2003

GRAY DAVIS, Governor

Tel. No. (415) 703-1691



August 8, 2003

Res.G-3353|Advice Letter 2408G-B

Ms Anita Smith, Rate Analyst
Pacific Gas and Electric Company
77 Beale Street, 10B Mail Code
San Francisco, CA 94177

Subject: Wild Goose Storage Expansion CPCN Amendment (Revisions to Gas Rule 14)

Dear Ms Smith:

Advice Letter 2408G-B is effective August 24, 2003 in compliance with Resolution G-3353. A copy of the advice letter and resolution are sent herewith for your records.

Sincerely,

Director
Energy Division

Barbara Lawrence
Lisa Lo
Garston Marcillac
Michael Tang

cc: Kwanyu, Yau (Lan)
Frank Lindh

CGT
Sandy Lawrie

REGULATORY RELATIONS
State Tariffs Section
A Smith
AUG 11 2003

July 15, 2003

Advice 2408-G-B

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Wild Goose Storage Expansion CPCN Amendment –Revisions to Gas Rule 14

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental filing for revisions to its gas tariffs.¹ The proposed tariffs, filed in draft form in this filing, are listed on Attachment I.

Purpose

The purpose of this supplemental filing is to propose revisions to PG&E's gas Rule 14—*Capacity Allocation and Constraint of Natural Gas Service*, in compliance with Ordering Paragraphs (OP) 21 and 22 of Wild Goose Storage Expansion Decision (D.) 02-07-036, in Application (A.) 01-06-029 and Resolution (R.) G-3353. The draft Rule 14 provisions in this filing will be filed in final form for implementation November 1, 2003, the expected in-service date of Wild Goose Storage, Inc.'s (Wild Goose) expansion project, or earlier, upon completion of computer system changes required for PG&E's nomination and scheduling system to accommodate this tariff change.

Background

On July 17, 2002, the Commission issued D. 02-07-036, granting an amendment to Wild Goose's Certificate of Public Convenience and Necessity (CPCN). The CPCN amendment allows Wild Goose to expand gas storage facilities and to connect the expanded facilities to Line 400/401. In addition, OP 22 ordered PG&E to file an advice letter within 45 days of the effective date of the decision for proposed changes to its tariffs as a result of D. 02-07-036.

¹ PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

On September 3, 2002, PG&E filed Advice 2408-G, in compliance with OP 22 of D. 02-07-036. PG&E's proposed revisions to gas Rule 14 addressed the proration of Line 400/401 As-Available transportation capacity between transportation customers and third-party storage customers connected to Line 400/401, during times when insufficient As-Available capacity exists to serve all requests for it. On April 3, 2003, PG&E filed 2408-G-A

On April 3, 2003, PG&E filed 2408-G-A to add language to Rule 14, Section D.1. Priority of Service – Transmission Receipt Points of Gas, to propose that, in the event of capacity constraints, Line 400/401 As-Available capacity will be prorated for each third-party storage provider based on Net Withdrawal Nominations and Redwood Path As-Available nominations. Following the first proration, PG&E proposed to calculate the total receipt volume at Malin. Any additional storage withdrawals would be prorated based on Net Withdrawal Nominations used in the first proration. This methodology was protested by Lodi Gas Storage (LGS) on April 23, 2003.

On July 10, 2003, the Commission issued R. G-3353, ordering PG&E to re-file its tariffs as revised in the discussion section of the resolution and make additional textual changes suggested by LGS on page 9 of its April 23, 2003 protest of Advice 2408-G-A. In this advice letter, PG&E has revised its draft tariff language to incorporate the ordered changes, and has indicated the revisions by underlining and striking. PG&E will file the final version of the tariffs for implementation November 1, 2003, (the expected in-service date of Wild Goose's expansion project) or earlier, upon completion of computer system changes required for PG&E's nomination and scheduling system to accommodate this tariff change.²

Protests

Anyone wishing to protest this filing may do so by sending a letter by **August 4, 2003**, which is 20 days from 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:

² D. 02-12-038 (Opinion Granting In Part and Denying in Part Petition For Modification of Decision 02-07-036) ordered that "PG&E may defer, until November 1, 2003, the operational date for its computerized system to prorate as-available transportation capacity as ordered in D.02-07-036, but if that system becomes operational at a date earlier than November 1, 2003, PG&E shall place the system in service at that earlier date." Resolution G-3353 orders PG&E to continue its monthly updates of the computer system as required in the D.02-12-038 and requires PG&E to file a final report to the Energy Division once the computer system is in place and adequate testing has been conducted.

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226

E-mail: RxDd@pge.com

Effective Date

PG&E requests that the proposed revisions shown on the draft tariffs in this advice filing be approved upon regular notice, **August 24, 2003**, which is 40 days after the date of this filing. The proposed Rule 14 provisions will be filed in final form for implementation at the earlier of: 1) November 1, 2003, the expected in-service date of Wild Goose's expansion project, or 2) upon completion of computer system changes required for PG&E's nomination and scheduling system to accommodate this tariff change.

To accommodate Lodi Gas Storage between the effective date of this advice filing and final implementation, PG&E will allocate Line 400/401 As-Available capacity between Lodi Gas Storage and Redwood path transportation shippers using a usage forecast. PG&E and LGS have agreed upon the methodology of this process until the computer system changes are completed.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. (The service list for A. 01-06-029 is now closed.) Address changes

should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Thomas R. Dill (LGS) via electronic mail
Michael Day (Wild Goose) via electronic mail
Dan L. Carroll (Downey Brand LLP) via electronic mail
Richard Myers (Energy Division)