

January 10, 2003

## **ADVICE 2438-G**

**Public Utilities Commission of the State of California**  
(Pacific Gas and Electric Company U 39 G)

### **Subject: Eliminate Shrinkage Credit (Gas Rule 21)**

Pacific Gas and Electric Company (PG&E) hereby submits this filing to eliminate the credit mechanism for the natural gas shrinkage over-collection on PG&E's gas pipeline system. The in-kind transmission and distribution shrinkage credits were added to PG&E's gas Rule 21—*Transportation of Natural Gas*, in Advice 2365-G. The affected tariff sheets are listed on the enclosed Attachment I.<sup>1</sup>

### **Purpose**

The temporary credit mechanism was added as the result of over-collected shrinkage gas that accumulated on PG&E's gas pipeline system after implementation of the Gas Accord Settlement on March 1, 1998. The credit mechanism has eliminated the previously accumulated shrinkage over-collection of approximately 6.1 million decatherms (7.8 million decatherms, less net cashout volumes of 1.7 million decatherms, as authorized in Biennial Cost Allocation Proceeding (BCAP) Decision (D.) 01-11-001).<sup>2</sup> Gas Rule 21 shows the shrinkage allowances adopted in the most recent BCAP D. 01-11-001, which continue to apply.

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

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **January 30, 2003**, which is 20 days from the date of this filing. The protest must state the grounds

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<sup>1</sup> PG&E's Advice Letter is not a waiver of, or made without prejudice to, its rights as a debtor in possession under Chapter 11 of the United States Bankruptcy Code.

<sup>2</sup> BCAP D. 01-11-001 adopted a one-time offset of the net cashout volume against a portion of the transmission shrinkage gas that has been collected from customers during the period of the Gas Accord. Schedule G-BAL provides that monthly imbalances in excess of 5 percent that are not traded to others or to storage are cashed out. There were significantly more negative (under-delivered) imbalance cashout volumes sold to customers compared to the positive (over-delivered) imbalance cashout volumes purchased from customers. As a result of this offset, there is no need for PG&E to purchase gas to replace this net cashout volume. The net cashout volume, as of September 30, 2001, reduced the amount of over-collected transmission shrinkage to be returned by 1.7 million decatherms.

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, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto: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: Les Guliasi  
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](mailto:RxDd@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective **March 1, 2003**, which is more time than the 40 days required under regular notice.

### **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. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments



**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:

Path	In-Kind Shrinkage Allowance (D.01-11-011)	In-Kind Shrinkage Credit	Effective In-Kind Shrinkage Allowance
Redwood to Off-System	1.11 percent	—	1.11 percent
Mission to On-System	0	—	0
Mission to Off-System	0	—	0
All other transmission	1.35 percent	0 percent	1.35 percent

(C)  
(D)  
(D)

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:

End-Use Customer	In-Kind Shrinkage Allowance (D.01-11-011)	In-Kind Shrinkage Credit	Effective In-Kind Shrinkage Allowance	
Core	2.41 percent	0 percent	2.41 percent	(C)
Noncore Distribution	0.16 percent	0 percent	0.16 percent	(C)
Noncore Transmission	-	-	-	

(D)  
(D)

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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