

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



May 12, 2004

Advice Letter 2527-G

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

Subject: Gas Rule 21 – Add Storage Shrinkage Allowance

Dear Ms Smith:

Advice Letter 2527-G is effective April 1, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clamor".

Director  
Energy Division



**Pacific Gas and  
Electric Company**

**Karen A. Tomcala**  
Vice President  
Regulatory Relations

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March 19, 2004

**Advice 2527-G**

(Pacific Gas and Electric Company ID U39G)

**Subject: 2004 Gas Storage Shrinkage Allowance –Gas Rule 21**

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 filing is to revise gas Rule 21—*Transportation of Natural Gas*, to add new Section B.1.c.—*In-Kind Shrinkage Allowance, Storage Shrinkage*. The new in-kind storage shrinkage allowance complies with Ordering Paragraph (O.P.) 6.b of Gas Accord II Decision (D.) 03-12-061, dated December 18, 2003. The Decision orders PG&E to file an advice letter on or before March 19, 2004, showing calculation of the in-kind storage shrinkage allowance for the 2004 injection season effective April 1, 2004.

The necessary systems modifications to implement the storage shrinkage mechanism are in progress, but not yet completed. PG&E intends to commence collection of shrinkage on storage injection nominations beginning May 1, 2004, the projected completion date for the system modifications. PG&E will notify the market through its Pipe Ranger website prior to implementation of storage shrinkage.

**Gas Rule 21 Gas Storage Shrinkage Allowance**

New gas Rule 21 Section B.1.c.—*Storage Shrinkage*, describes shrinkage adjustments that apply to all injection storage quantities under gas storage Schedules G-CFS, G-SFS, G-NFS and G-NAS. The new storage shrinkage allowance will collect Gas Department Usage (GDU) and Lost and Unaccounted For (LUAF) gas supplies associated with PG&E's gas storage operations. Gas storage shrinkage quantities are excluded from the transmission and distribution in-kind shrinkage allowance shown in Rule 21.

The in-kind shrinkage storage quantity is calculated by dividing total forecasted storage-related GDU and LUAF by the firm storage-cycle quantity. The resulting percentage is taken in-kind from storage injection nominations to determine the



net injection quantity to be credited to a storage customer's inventory.<sup>1</sup> Workpapers supporting this calculation may be obtained as set forth in Notice, below.

As described in gas Preliminary Statement Part C—*Gas Terms and Definitions*, Section C.11.c. (Gas Accord II – 2004 Advice 2508-G), shrinkage allowances will be updated via an advice letter compliance filing to coincide with the beginning of each storage season, and at other times of the year, if necessary, to better match actual shrinkage experienced on the system.

### Protests

Anyone wishing to protest this filing may do so by sending a letter by **April 8, 2004**, 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:

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](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: Brian 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](mailto:RxDd@pge.com)

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<sup>1</sup> Effective April 1, 2004, the forecasted storage-related GDU and LUAF of 341,662 therms divided by the firm storage cycle quantity of 42,360,251 therms is 0.8 percent.

**Effective Date**

In compliance with D. 03-12-061, PG&E requests that the tariff revisions in this advice filing become effective on **April 1, 2004**. As stated above, systems changes for collection of storage shrinkage is expected to be complete by May 1, 2004.

**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, and the parties on the service list for A. 01-10-011. Requests for address changes or workpapers should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

*Karen A. Tomcala/ss*

Vice President - Regulatory Relations

Attachments

cc: Service List – Gas Accord II A. 01-10-011

**ATTACHMENT I  
ADVICE 2527-G**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal P.U.C. Sheet No.</u>
22313-G	Rule 21—Transportation of Natural Gas	22082-G
22314-G	Rule 21 (Cont'd)	New
22315-G	Table of Contents – Rules	22250-G
22316-G	Table of Contents	22307-G



RULE 21—TRANSPORTATION OF NATURAL GAS

This Rule describes the general terms and conditions that apply whenever PG&E transports Customer-owned gas over its system. Customers who wish to transport gas must sign the applicable Agreement.

A. GENERAL

1. NATURE OF SERVICE

Customers or their designated Agent or Core Transport Agent hereinafter referred to as "Customer" and meaning Customer and/or their Agent will deliver or have delivered to PG&E quantities of gas, and PG&E will deliver equivalent quantities of gas adjusted for In-Kind Shrinkage Allowance, on a Btu-for-Btu basis, to the Customer's Delivery Point. Customers must endeavor to ensure that daily gas deliveries match daily gas usage. The gas that PG&E delivers to the Customer's Delivery Point will not necessarily be the gas that the Customer delivered to PG&E.

2. GAS SPECIFICATIONS

Unless otherwise agreed to by both parties, the gas delivered to PG&E must meet the quality specifications detailed in Section C, below. The minimum and maximum heating value and the pressure of the gas must be such that the gas can be integrated into PG&E's system at the Receipt Point(s).

B. QUANTITIES OF GAS

1. IN-KIND SHRINKAGE ALLOWANCE

The in-kind shrinkage quantities represent the unaccounted-for gas and the utility fuel use attributable to the volume of natural gas received by PG&E for backbone transmission, distribution, and storage service. PG&E may adjust distribution, transmission and storage shrinkage annually, or as necessary. (See Preliminary Statement Part C.II.c. for further details)

(N)  
|  
(N)

(Continued)



RULE 21—TRANSPORTATION OF NATURAL GAS  
(Continued)

B. QUANTITIES OF GAS (Cont'd.)

(N)

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

c. Storage Shrinkage

An In-Kind Shrinkage Allowance is applicable to all injection storage quantities under rate Schedules G-CFS, G-SFS, G-NFS, and G-NAS, in addition to any applicable transmission and distribution shrinkage. Customers shall deliver to PG&E's storage system an additional in-kind quantity of natural gas equal to the Shrinkage Allowance percentage of the total volume of their storage injection volume. The quantity injected into PG&E's storage will equal the quantity nominated for storage injection multiplied by (1-z), where z is the decimal equivalent of the Storage In-Kind Shrinkage Allowance percentage, as follows.

$$\text{Storage Injection} = \text{Nominated Injection Quantity} * (1 - z)$$

Where: z = decimal equivalent of the Storage In-Kind Shrinkage Allowance

Storage In-Kind Shrinkage Allowance: 0.8 Percent

Provided, however, that PG&E and the Customer shall not be prohibited under this Rule, where shrinkage requirements support a different shrinkage allowance, from mutually agreeing to a different shrinkage allowance for the injection into PG&E's storage system.

(N)

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## **PGE Gas Advice Filing**

### **List**

#### **General Order 96-A, Section III(G)**

ABAG Power Pool  
Accent Energy  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Aicantar & Elsesser  
Applied Power Technologies  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Blue Ridge Gas  
BP Energy Company  
Braun & Associates  
C & H Sugar Co.  
CA Bldg Industry Association  
CA Cotton Ginners & Growers Assoc.  
CA League of Food Processors  
CA Water Service Group  
California Energy Commission  
California Farm Bureau Federation  
California Gas Acquisition Svcs  
California ISO  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
Cardinal Cogen  
Chevron USA Production Co.  
Childress, David A.  
City of Glendale  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Constellation New Energy  
CPUC  
Creative Technology  
Cross Border Inc  
Crossborder Inc  
CSC Energy Services  
Davis, Wright Tremaine LLP  
Davis, Wright, Tremaine, LLP  
Defense Fuel Support Center  
Department of the Army  
Department of Water & Power City  
DGS Natural Gas Services  
DMM Customer Services  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Enron Energy Services  
Exelon Energy Ohio, Inc  
Exeter Associates  
Foster Farms  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
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GLJ Energy Publications  
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Hanna & Morton  
Heeg, Peggy A.  
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Interstate Gas Services, Inc.  
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JTM, Inc  
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Korea Elec Power Corp  
Luce, Forward, Hamilton & Scripps  
Marcus, David  
Masonite Corporation  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmiller & Assoc.  
Navigant Consulting  
New United Motor Mfg, Inc  
Norris & Wong Associates  
Northern California Power Agency  
Office of Energy Assessments  
Palo Alto Muni Utilities  
PG&E National Energy Group  
Pinnacle CNG Company  
PITCO  
Plurimi, Inc.  
PPL EnergyPlus, LLC  
Price, Roy  
Product Development Dept  
Provost Pritchard  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar  
Sacramento Municipal Utility District  
SCD Energy Solutions  
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