

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 19, 2005

Advice Letter 2577-G

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Revisions to Rule 21 – Open Access

Dear Ms de la Torre:

Advice Letter 2577-G is effective March 17, 2005 by Resolution G-3376. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher, Director
Energy Division



**Pacific Gas and
Electric Company**

Brian K. Cherry
Director
Regulatory Relations

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San Francisco, CA 94105

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October 4, 2004

Advice 2577-G
(Pacific Gas and Electric Company ID U39G)

Subject: Revisions to Gas Rule 21-- Open Access (Decision 04-09-022)

Public Utilities Commission of the State of California

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 a new section pertaining to the open access interconnection of new gas supplies to PG&E's gas pipeline system in compliance with Ordering Paragraph 6 of Decision (D.) 04-09-022, dated September 2, 2004, in Order Instituting Rulemaking (OIR) 04-01-025. The decision addresses changes that need to be in place for potential new sources of supply to connect to gas transmission and distribution systems of California utilities.¹ Phase I of the OIR addresses interstate pipeline capacity contracts, Liquefied Natural Gas (LNG) access, and interstate pipeline access to help ensure that California does not face a natural gas shortage in the future.

Background

The Commission, in conjunction with the California Energy Commission (CEC), hosted a two-day workshop in December 2003 entitled, "Natural Gas Market Outlook 2006-2016." Various workshop participants made presentations about California's natural gas needs in the coming years. Following the workshop, the Commission opened OIR 04-01-025 on January 22, 2004. California utilities filed comments in Phase I of the OIR on February 24, 2004 and reply comments on April 6, 2004. There were also supplemental comments filed in July 2004 addressing specific questions related to LNG.

¹ Decision 04-01-022 does not address the actual building of LNG projects in California or other proximate locations.

Revisions to Rule 21

In accordance with D. 04-09-022, utilities must file a tariff to describe how they will interconnect with new gas supply on a non-discriminatory basis. As such, PG&E is adding new Section H—*Open Access Interconnection of New Gas Supply*, to gas Rule 21 to provide for Applicant's and PG&E's responsibilities for interconnection to PG&E's pipeline system.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **October 25, 2004**, which is 21 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

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

Effective Date

PG&E requests that this advice filing become effective on regular notice, **November 13, 2004**, which is 40 days after the date of filing.

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 Rulemaking 04-01-025. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can be accessed electronically at: <http://www.pge.com/tariffs>

Handwritten signature of Brian K. Cherry in cursive script, followed by a slash and the letters 'ss'.

Director, Regulatory Relations

Attachments

cc: Service List – R. 04-01-025

**ATTACHMENT I
ADVICE 2577-G**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal P.U.C. Sheet No.</u>
22735-G	Rule 21—Transportation of Natural Gas (Cont'd.)	21853-G
22736-G	Rule 21 (Cont'd.)	New
22737-G	Rule 21 (Cont'd.)	New
22738-G	Table of Contents –Rules	22640-G
22739-G	Table of Contents	22709-G



RULE 21—TRANSPORTATION OF NATURAL GAS

(Continued)

D. ACCOUNTING AND BILLING (Cont'd.)

3. BOOKS AND RECORDS

PG&E and the Customer shall keep accounting records and books in accordance with generally accepted accounting principles and practices in the industry. PG&E and the Customer shall have the right to examine those books and accounting records of the other.

Any examination will be at the examining party's expense, must be conducted at a reasonable time, and must be confined to the extent necessary to verify the accuracy of any statement, charge, or computation or any demand made under or as a result of transporting Customer-Owned Gas.

E. ADDITIONAL FACILITIES

Transportation of Customer-Owned Gas does not obligate PG&E to construct any additional facilities (including measuring facilities) or to modify any existing facilities to provide for receipt of Customer-Owned natural gas into the PG&E system. Customer shall have a separate agreement covering any new facilities or necessary modifications for either receipt or delivery of Customer-Owned Gas.

F. POSSESSION OF GAS

For Customer-Owned Gas, the Customer shall be deemed to be in control and possession of the gas until the gas is delivered to PG&E at the Receipt Point(s). The Customer shall be deemed to regain control and possession of the gas upon delivery from PG&E to or on behalf of the Customer.

G. INDEMNIFICATION

The Customer shall indemnify and hold harmless PG&E, its officers, agents and employees against all loss, damage, expense, and liability, resulting from injury to or death of any person, including but not limited to employees of PG&E, Customer or any third party, or for loss, destruction, damage to property, including but not limited to property of PG&E, Customer, or any third party, arising out of or in any way connected with the transportation of customer-owned gas, however caused, except to the extent caused by the active negligence or willful misconduct of PG&E, its officers, agents and employees. The Customer shall on PG&E's request, defend any suit asserting a claim covered by this indemnity. The indemnifying party shall pay all costs that may be incurred by the other party in enforcing this indemnity, including all reasonable attorney's fees.

(Continued) (T)



RULE 21—TRANSPORTATION OF NATURAL GAS
(Continued)

H. OPEN ACCESS INTERCONNECTION OF NEW GAS SUPPLY

(N)

PG&E will provide non-discriminatory interconnection to its pipeline system for an Applicant to deliver new gas supply. Upon interconnection PG&E will provide open access transportation of the gas under the applicable PG&E rate schedules, rules and transportation agreements. PG&E will perform interconnection-related work under the following conditions:

1. The Applicant's gas supply can be received into PG&E's existing system without jeopardizing the integrity or normal operation of its pipeline system and without adversely affecting PG&E's Customers. The specific interconnection point will be determined by PG&E.
2. The maximum delivery capacity for Applicant's gas at the interconnection point will be determined by the size of the interconnection facilities and PG&E's ability to redeliver the gas supply downstream of the interconnection point.
3. The available capacity for Applicant's gas supply on any particular day may be affected by physical flows from other points of receipt, daily pipeline operating conditions, and end-use demand.
4. The Applicant shall pay PG&E's costs for all engineering and construction of facilities on PG&E's side of the interconnection point necessary to receive Applicant's gas. Such facilities may include, but are not limited to, taps, valves, piping, measuring equipment, odorizing equipment, land rights, permits, and communication equipment. The Applicant also shall pay for computer programming changes to PG&E's scheduling system, if any, required to add the Applicant's new interconnection point for the purpose of nominating the gas. PG&E shall own and operate all facilities on PG&E's side of the interconnection point.
5. The Applicant shall execute a standard "Agreement to Perform Tariff Schedule Related Work" (Form 62-4527), which shall contain a description of the work to be performed by PG&E, the cost estimate, and payment terms.
6. The Applicant, at its expense, shall obtain all land rights, easements, permits or other authorizations, and shall design and construct the piping, valves, filter separators, and other equipment that is required on the Applicant's side of the interconnection point to effectuate deliveries of gas to PG&E, in accordance with sound and prudent natural gas industry practice and with all applicable laws, rules, and regulations of any authority having jurisdiction.

(N)

(Continued)



RULE 21—TRANSPORTATION OF NATURAL GAS
(Continued)

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|----|--|-----|
| H. | OPEN ACCESS INTERCONNECTION OF NEW GAS SUPPLY (Cont'd.) | (N) |
| 7. | The Applicant shall install and maintain in good working condition the necessary pressure regulation and flow equipment to effectuate delivery of gas to the interconnection point at or above the prevailing pressure in PG&E's pipeline. Applicant's equipment shall be designed and installed to protect PG&E's pipeline from exposure to pressures in excess of PG&E's then current maximum operating pressure at the interconnection point. | |
| 8. | Applicant's gas supply at the interconnection point shall comply with all PG&E tariffs and rules including gas quality and nomination procedures. | |
| 9. | The Applicant and PG&E shall execute operating and balancing agreements prior to final interconnection and gas flow. | |
| | | (N) |



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**PGE Gas Advice Filing
List
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ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & 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
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Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
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City of Palo Alto
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Constellation New Energy
Cooperative Community Energy
CPUC
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Cross Border Inc
Crossborder Inc
CSC Energy Services
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Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
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DMM Customer Services
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Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.

Ellison Schneider
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Enron Energy Services
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JTM, Inc
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Korea Elec Power Corp
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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
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