

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 14, 2004

Advice Letter 2591-G

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

Subject: Gas Rule 21 – 2005 In-kind Shrinkage Allowance Adjustments

Dear Ms de la Torre:

Advice Letter 2591-G is effective January 1, 2005. A copy of the advice letter is sent herewith for your records.

Sincerely,

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

Director  
Energy Division



**Brian K. Cherry**  
Director  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

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November 18, 2004

**ADVICE 2591-G**

(Pacific Gas and Electric Company U 39 G)

**Subject: Gas Rule 21—2005 In-kind Shrinkage Allowance Adjustments**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing proposed adjustments to the natural gas shrinkage in-kind distribution shrinkage allowances shown in PG&E's gas Rule 21—*Transportation of Natural Gas*. The affected tariff sheets are listed on the enclosed Attachment I.

**Purpose**

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. In Decision (D.) 03-12-061, the Commission adopted PG&E's proposal to update the shrinkage allowances on an annual basis through an advice letter compliance filing.<sup>1</sup> This is reflected in Gas Preliminary Statement Part C—*Gas Accounting Terms and Definitions*, Part C.11.c, which states that PG&E may adjust backbone transmission, distribution and storage shrinkage annually or as necessary.

PG&E proposes to adjust backbone transmission and distribution shrinkage percentages effective January 1, 2005, as follows:

**2005 Proposed Shrinkage Allowance Adjustments**

	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
Transmission – Redwood to Off-system	1.11%	1.0%	(0.11%)
Transmission – Mission to On/Off-System	0%	0%	--
Transmission – All other backbone paths	1.2%	1.2%	--
Distribution – Noncore	0.2%	0.2%	--
Distribution - Core	2.4%	2.1%	(0.3%)

A workpaper supporting the proposed changes is included as Attachment II to this filing.

<sup>1</sup> D. 03-12-061, Conclusion of Law No. 35.

Any necessary adjustments to storage shrinkage allowances will be filed prior to April 2005, to coincide with adjustments to storage rates.

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 **December 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, 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: 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)

### **Effective Date**

PG&E requests that this advice filing become effective on **January, 1, 2005**, which is more than 40 days' 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/tariffs>

*Brian K. Cherry/ss*

Director, Regulatory Relations

Attachments

**ATTACHMENT I  
ADVICE 2591-G**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal P.U.C. Sheet No.</u>
22798-G	Rule 21—Transportation of Natural Gas	22083-G
22799-G	Rule 21 (Cont'd.)	22084-G
22800-G	Table of Contents – Rules	22791-G
22801-G	Table of Contents	22785-G



**RULE 21—TRANSPORTATION OF NATURAL GAS**  
(Continued)

B. QUANTITIES OF GAS (Cont'd.)

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

a. Backbone Transmission Shrinkage

A Customer 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	In-Kind Shrinkage Credit	Effective In-Kind Shrinkage Allowance
Redwood to Off-System	1.0 percent (C)	—	1.0 percent (C)
Mission to On-System	0	—	0
Mission to Off-System	0	—	0
All other transmission	1.2 percent	0 percent	1.2 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 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 transmission and storage shrinkage. The Customer shall deliver each day to PG&E at the Citygate 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	In-Kind Shrinkage Credit	Effective In-Kind Shrinkage Allowance
Core	2.1 percent (C)	0 percent	2.1 percent (C)
Noncore Distribution	0.2 percent	0 percent	0.2 percent
Noncore Transmission	-	-	-

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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Revised  
**PACIFIC GAS AND ELECTRIC COMPANY**  
**Annual Shrinkage Allowance Update - 2005**

**WORKPAPER for SHRINKAGE ALLOWANCES**  
**Advice 2591-G/D.03-12-061**

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	Line No.	
	<u>Forecast</u>	<u>% Served</u>	<u>% Served</u>	<u>Throughput</u>	<u>Throughput</u>			
	<u>Throughput</u>	<u>from Distr.</u>	<u>from Trans.</u>	<u>Served from</u>	<u>Served from</u>			
	<u>Mdth</u>	<u>Survey Results</u>	<u>Survey Results</u>	<u>Trans.</u>	<u>Distr.</u>	<u>Mdth</u>		
1	<b>Noncore Transmission/Distribution Split</b>							1
2	Industrial	151,578	27.0615%	72.9385%	110,558	41,019	2	
3	EG	156,018	0.0000%	100.0000%	156,018	0	3	
4	Cogeneration	73,501	8.6464%	91.3536%	67,146	6,355	4	
5	Wholesale	3,847	2.5413%	97.4587%	3,749	98	5	
6	NGV4	432	0.0000%	100.0000%	432	0	6	
7	<b>Total Noncore (excludes EOR and SEGDA)</b>	<b>385,375</b>			<b>337,903</b>	<b>47,472</b>	<b>7</b>	
8	<b>% of Noncore served from Trans. and Distr.</b>				<b>87.68%</b>	<b>12.32%</b>	<b>8</b>	
<b>LUAF per Study (from the Gas Accord I Workpapers, 17-2 &amp; 17-3)</b>								
Splits LUAF noncore volumes between distribution and transmission based on LUAF Study								
9		<u>NCTotal</u>			<u>NC Trans.</u>	<u>NC Distr.</u>	9	
10	LUAF (Mcf) - volumes from 1995 BCAP	3,054,276			2,268,089	786,187	10	
11	LUAF % (NC Distr Vol/NC Total)				74.26%	25.74%	11	
12	Throughput Vol. % - Data from Rate Dept Survey				79.00%	21.00%	12	
13	Ratio set for Accord period:						13	
14	Calculated as Line 11/Line 12				0.94	1.23	14	
15	Calculated as (F) line 14/(E) line 14					1.30	15	
16	Noncore % of System LUAF (adopted in 95 BCAP)	22.00%					16	
<b>LUAF &amp; GDU Allocations to Transmission and Distribution</b>								
		<u>System</u>	<u>Core</u>	<u>Noncore</u>	<u>NC Trans.</u>	<u>NC Distr.</u>		
	<u>LUAF Calculations:</u>	<u>Forecast</u>						
17	LUAF allocate volumes (Mdth) (less stor. LUAF; core/noncore 78%/22%)	10,333	8,059	2,273			17	
18	Throughput per forecast (Mdth)	689,654	300,978	388,675	(Noncore includes EOR)		18	
19	Less: SEGDA	(3,300)		(3,300)			19	
20	Totals for Calculation of allocation	686,354	300,978	385,375			20	
21	LUAF as % of throughput (Lines 17/20)	1.505%	2.678%	0.590%			21	
22	Noncore Trans. LUAF% ((D) line 21 - wtd. per surveys above)				0.569%		22	
23	Noncore Distr. LUAF% (D) line 21 - wtd. per surveys above)					0.741%	23	
24	Off-System LUAF (per D.94-02-042)	0.33%						
	<u>GDU Calculations:</u>	<u>Same for all</u>						
		<u>customers</u>						
25	GDU per forecast(Mdth) - Pipeline (Total less storage GDU)	4,563					24	
26	GDU % = (B) line 24/(B) line 20	0.665%					25	
	<u>Shrinkage (LUAF+GDU)</u>							
27	Noncore Transmission = (B) line 26 + (E) line 22	1.233%					26	
28	Noncore Distribution = (B) line 26 + (F) line 23	1.406%					27	
29	Core Total = (B) line 26 + (C) line 21	3.343%					28	
30	Core Distribution = (B) line 29 - (B) line 27	2.109%					29	
31	Off-System Transmission = (B) line 26 + (B) line 24	0.995%					30	
32	<b>Proposed Pipeline Shrinkage Allowances</b>		<u>Core</u>	<u>NC Trans.</u>	<u>NC Distr.</u>	<u>Off-Sys.</u>	31	
33	Transmission (assumes same % for core and noncore)		1.2%	1.2%	1.2%	1.0%	32	
34	Distribution		2.1%	N/A	0.2%	N/A	33	
35	Total		3.3%	1.2%	1.4%	1.0%	34	
36	<b>Proposed Storage Shrinkage Allowance</b>					<u>Storage</u>	35	
37	Storage (% of injection volume)					1.0%	36	

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool  
Accent Energy  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Alcantar & Elsesser  
Anderson Donovan & Poole P.C.  
Applied Power Technologies  
APS Energy Services Co Inc  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Bartle Wells Associates  
Blue Ridge Gas  
Bohannon Development Co  
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  
Cellnet Data Systems  
Chevron Texaco  
Chevron USA Production Co.  
Childress, David A.  
City of Glendale  
City of Healdsburg  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Constellation New Energy  
Cooperative Community 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  
Dept of the Air Force  
DGS Natural Gas Services  
DMM Customer Services  
Douglass & Liddell  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynegy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Energy Management Services, LLC  
Enron Energy Services  
Exelon Energy Ohio, Inc  
Exeter Associates  
Foster Farms  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
G. A. Krause & Assoc  
Gas Transmission Northwest Corporation  
GLJ Energy Publications  
Goodin, MacBride, Squeri, Schlotz &  
Hanna & Morton  
Heeg, Peggy A.  
Hogan Manufacturing, Inc  
House, Lon  
Imperial Irrigation District  
Integrated Utility Consulting Group  
International Power Technology  
Interstate Gas Services, Inc.  
J. R. Wood, Inc  
JTM, Inc  
Kaiser Cement Corp  
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  
North Coast Solar Resources  
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  
Praxair, Inc.  
Price, Roy  
Product Development Dept  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar  
Sacramento Municipal Utility District  
SCD Energy Solutions  
Seattle City Light  
Sempra  
Sempra Energy  
Sequoia Union HS Dist  
SESCO  
Sierra Pacific Power Company  
Silicon Valley Power  
Simpson Paper Company  
Smurfit Stone Container Corp  
Southern California Edison  
SPURR  
St. Paul Assoc  
Stanford University  
Sutherland, Asbill & Brennan  
Tabors Caramanis & Associates  
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