

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 1, 2005

Advice Letter 2610-~~E~~

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

Subject: Rule 21 – 2005 in-kind-shrinkage allowance adjustments

Dear Ms de la Torre:

Advice Letter 2610-G is effective April 1, 2005. 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

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Internal: 223.4977  
Fax: 415.973.7226  
Cellular: 415.517.5067  
Internet: BKC7@pge.com

February 16, 2005

**ADVICE 2610-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 in-kind 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 update the storage in-kind shrinkage allowance from the current 0.8% to 1.0%. Workpapers supporting the proposed change are included as Attachment II to this filing.

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

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

**Protests**

Anyone wishing to protest this filing may do so by sending a letter by **March 8, 2005** 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 **April 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>

A handwritten signature in black ink that reads "Brian K. Cherry/ROD". The signature is written in a cursive style with a horizontal line extending from the left side of the first letter.

Director, Regulatory Relations

Attachments

**REVISED**

**ATTACHMENT I  
ADVICE 2610-G**

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal P.U.C. Sheet No.</u>
23003-G*	Rule 21 – Transportation of Natural Gas	22314-G
23004-G*	Table of Contents -- Rules	22927-G
23005-G**	Table of Contents	22930-G



RULE 21—TRANSPORTATION OF NATURAL GAS  
(Continued)

B. QUANTITIES OF GAS (Cont'd.)

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: 1.0 Percent

(C)

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.

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3	Application for Service .....	13842,21118-G
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6	Establishment and Reestablishment of Credit.....	22126,22127,18873-G
7	Deposits.....	18212,18213-G
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9	Rendering and Payment of Bills.....	19353,18712,21294,22491,17780,22590-G
10	Disputed Bills .....	18214 to 18216-G
11	Discontinuance and Restoration of Service .....	18217 to 18227,22508,19710-G
12	Rates and Optional Rates.....	18229,18996,21980,21981,21982-G
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15	Gas Main Extensions .....	21543,18802,18803,19888, 20350,20351,20352,18808,21544,21545,22376,22377,22378,22379,22380,18813,18814-G
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RATE SCHEDULES

RESIDENTIAL

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

**WORKPAPER for SHRINKAGE ALLOWANCES**  
 Advice 2610-G / D.03-12-061

Line No.	(A)	(B)		(C)	(D)	(E)	(F)	Line No.
		Forecast	% Served	% Served	Throughput	Throughput		
		Throughput	from Distr.	from Trans.	Served from	Served from		
		Mdth	Survey Results		Trans.	Mdth	Distr.	
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	Total Noncore (excludes EOR and SEGDA)	385,375			337,903	47,472		7
8	% of Noncore served from Trans. and Distr.				87.68%	12.32%		8
<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		<b>NC Total</b>			<b>NC Trans.</b>	<b>NC Distr.</b>		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	Ratios 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>								
		<b>System Forecast</b>	<b>Core</b>	<b>Noncore</b>	<b>NC Trans.</b>	<b>NC Distr.</b>		
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%						24
		Same for all customers						
25	GDU Calculations:							25
26	GDU per forecast(Mdth) - Pipeline (Total less storage GDU)	4,484						26
27	GDU % = (B) line 24/(B) line 20	0.653%						27
<b>Shrinkage (LUAF+GDU)</b>								
28	Noncore Transmission = (B) line 26 + (E) line 22	1.222%						28
29	Noncore Distribution = (B) line 26 + (F) line 23	1.395%						29
30	Core Total = (B) line 26 + (C) line 21	3.331%						30
31	Core Distribution = (B) line 29 - (B) line 27	2.109%						31
32	Off-System Transmission = (B) line 26 + (B) line 24	0.983%						32
<b>Proposed Pipeline Shrinkage Allowances</b>								
33	Transmission (assumes same % for core and noncore)		1.2%	1.2%	1.2%	1.0%	1.0%	33
34	Distribution		2.1%	N/A	0.2%	N/A	N/A	34
35	Total		3.3%	1.2%	1.4%	1.0%	1.0%	35
<b>Proposed Storage Shrinkage Allowance</b>								
36	Storage (% of injection volume)						1.0%	36

# Total Storage GDU & LUAF

Storage GDU Usage Data Summary  
Source: Storage\_GDU(2000-current) (2).xls

## GAS DEPARTMENT USE (GDU)/MISC. COMPANY GAS USE FOR STORAGE FIELDS

Year	Storage Field	- Mcf -						Total (Dth)
		Auxiliary Fuel	Dehydrators	Heater	Storage Compressors	Total (Mcf)	Btu Factor	
2000	All	437	38,019	27	231,990	270,473	1.02	275,883
2001	All	37	72,501	28	330,734	403,300	1.02	411,366
2002	All	48	32,046	29	275,648	307,771	1.02	313,926
2003	All	10	62,549	25	306,066	368,650	1.02	376,023
2004	All							
2005	All							

### Storage Year (April - March)

Ending March (Year)	Auxiliary Fuel	Dehydrators	Heater	Storage Compressors	Total (Mcf)	Btu Factor	Total (Dth)
2000							
2001	442	54,007	31	238,609	293,089		298,951
2002	30	50,611	29	339,927	390,597		398,409
2003	39	33,436	24	245,829	279,328		284,915
2004	48	85,873	27	328,899	414,847		423,144
2005							

### Calculation of Storage Shrinkage for Gas Accord III - Beginning April 2005

Total Storage GDU - SY 2002/3	284,915
Total Storage GDU - SY 2003/4	423,144
Two Year Total Storage GDU	708,059
Annual Average Storage GDU	354,029
Annual Storage LUAF (fugitive emissions plus other LUAF)	70,000
Total Annual Storage GDU & LUAF	424,029
Storage Inventory/Injection Volume Proposed in GAI	42,360,251
<b>Storage Shrinkage (% of injection volume)</b>	<b>1.001%</b>
Portion of storage inventory allocated to balancing	4,100,000
Portion of storage GDU allocated to balancing for transmission shrinkage	41,041

**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 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

DGS Natural Gas Services  
DMM Customer Services  
Douglass & Liddell  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy 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  
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Hanna & Morton  
Heeg, Peggy A.  
Hitachi Global Storage Technologies  
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  
Tansev and Associates  
Tecogen, Inc  
TFS Energy  
Transwestern Pipeline Co  
Turlock Irrigation District  
U S Borax, Inc  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA