

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 6932E**  
**As of November 21, 2023**

Subject: Request for Approval to Forgo the 2024 and 2025 Ruby Pipeline Contract Step Down Rights Pursuant to Decision 21-12-035, Ordering Paragraph 3

Division Assigned: Energy

Date Filed: 04-28-2023

Date to Calendar: 05-10-2023

Authorizing Documents: D2112035

**Disposition:**

**Signed**

**Effective Date:**

**10-12-2023**

Resolution Required: Yes

**Resolution Number: E-5280**

Commission Meeting Date: 10-12-2023

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Stuart Rubio

415-973-4587

[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**

April 28, 2023

**Advice 6932-E**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Request for Approval to Forgo the 2024 and 2025 Ruby Pipeline Contract Step Down Rights Pursuant to Decision 21-12-035, Ordering Paragraph 3**

**Purpose**

In accordance with Decision (D.) 21-12-035, Ordering Paragraph (OP) 3, Pacific Gas and Electric Company's (PG&E) Electric Fuels Department respectfully requests California Public Utilities Commission (Commission or CPUC) pre-approval to not execute the third and fourth step down provisions in its existing Ruby Pipeline contract.

**Background**

Pursuant to D.21-12-035, the Commission provided PG&E the right to "Step Down" its capacity on the Ruby Pipeline by 20 percent or 25,000 MMBtu/d each year for five years beginning in 2022. D.21-12-035 established the procedure for PG&E to follow when electing **not** to exercise its rights to reduce PG&E's Electric Fuels' capacity on the Ruby Pipeline. The procedure is as follows:

- PG&E is to consult with the Procurement Review Group (PRG), which represents the interests of Electric Fuels' customers, to obtain input concerning the election not to exercise its Step Down Right.<sup>1</sup>
- If PG&E intends not to exercise a Step Down Right, then PG&E shall submit a Tier 3 Advice Letter one year in advance.<sup>2</sup>

On March 20, 2023, the CPUC opened a new proceeding to investigate the causes and impacts of the winter 2022-2023 natural gas price spikes, as well as: 1) the potential for recurrence; 2) the impact of the price spikes on natural gas and electric prices and customer bills; 3) the potential threats to natural gas and electric reliability and price volatility in summer 2023 and beyond; 4) potential mitigations; and, 5) utility

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<sup>1</sup> See Decision (D.) 21-12-035, p. 38 (Dec. 17, 2021).

<sup>2</sup> D.21-12-035, p. 52, OP 3.

communications to customers to determine whether they were sufficient or require modifications.<sup>3</sup>

## **Discussion**

PG&E's Electric Fuels Department is seeking Commission approval to not execute the third and fourth Step Down provisions in its existing Ruby Pipeline contract. Electric Fuels Gas Transport Portfolio is shown in Confidential Appendix A, Table D and E. Each stepdown is for 25,000 MMBtu/d and by not stepping down Electric Fuels will retain 75,000 MMBtu/d of capacity beginning November 1, 2024, through October 31, 2026.

Consistent with PG&E's Bundled Procurement Plan (BPP) and approved procedures in D.21-12-035, PG&E consulted with its PRG<sup>4</sup> and is submitting this advice letter 1 year in advance of the May 1, 2024, contractual notification date after obtaining input from PRG concerning the decision to seek to not exercise its Step Down Right.

As evidenced by the 2022-2023 winter gas price spikes, market conditions have changed since the issuance of D.21-12-035. The electric markets are undergoing a period of change. This past winter demonstrated the need to maintain a stable and diverse gas supply portfolio. Flowing supplies from out-of-state natural gas production areas are necessary to maintain electric and gas system reliability and stabilize customer cost. A stable portfolio will provide certainty and ensure that Electric Fuels can contract for term supply.

### **A. Retaining Ruby Capacity Stabilizes the Portfolio and Costs**

Retaining the capacity will not increase customer cost as these assets are included in the 2023 ERRRA Forecast rates. Electric Fuels has executed the first two Step Downs and reduced customer transport cost. (Confidential Appendix A, Table A and B). By not exercising the third and fourth step down, the gas supply portfolio will maintain the status quo at 75,000 MMBtu/d<sup>5</sup> of Ruby capacity through October 2026.

This will maintain a gas supply portfolio that is stable, has supply source diversity and allows time to explore market alternatives.

As part of a gas supply portfolio, Ruby has been a reliable source of supply and has provided significant economic value during several extreme market events and has enhanced electric and gas system reliability.

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<sup>3</sup> See *generally* Investigation (I.) 23-03-008, Order Instituting Investigation (Mar. 20, 2023).

<sup>4</sup> Electric Fuels consulted with the PRG on March 21, 2023.

<sup>5</sup> Complies with BPP Natural Gas Pipeline Capacity Procurement Limit (Confidential Appendix A, Table C)

## **B. Retaining Ruby Will Contribute to Meeting Electric System Reliability**

The electric markets are undergoing a period of change and the demand for natural gas-fired generation is highly variable. Highly efficient natural gas-fired units are dispatched to meet system needs when intermittent and other resources are not available. These units are dispatched in real time and for long duration to support grid operation, system reliability and CAISO exports. A diversified natural gas portfolio with production area supply delivered with firm pipeline capacity is necessary to consistently and reliably deliver gas for electric generation dispatch. Ruby is a necessary component that supports the portfolio objectives of reliability, economic value, and rate stability.

## **C. Ruby will Provide a Diverse, Balanced and Sustainable Supply Portfolio**

Forgoing the two remaining step downs and retaining the 75,000 MMBtu/d maintains Ruby as part of a well-balanced portfolio. Retaining the Ruby capacity, and the associated access to the Rockies supply basin, prevents the portfolio from otherwise being reliant on only a single supply source (Confidential Appendix A, Table D and E). Additionally, electric generation has demand peaks in the winter and summer. Winter demand is coincident with residential heating load and if not diversified supply can be diverted to upstream markets. Forgoing the two remaining Step Downs provides time with volume and rate certainty to reassess market conditions over the next few years.

In addition, the Ruby contract has an evergreen provision that can be exercised with Commission approval. PG&E's Electric Fuels is not seeking Commission approval at this time but note that the evergreen provision provides certainty for the contract quantity and rate in an uncertain market. The evergreen provision allows PG&E's Electric Fuels to extend the term of the Agreement at the initial rate for any portion of the Maximum Daily Quantity (MDQ), one year at a time until October 31, 2036, with six months' notice. This option provides certainty and flexibility in changing market conditions. In a tight capacity market, transport may be unavailable or at maximum rate. In a market with surplus capacity there are likely to be additional alternatives that can be pursued.

## **Confidentiality**

As recognized in D.21-12-035, information provided in Appendix A is confidential and market-sensitive in nature; therefore, PG&E will only provide detailed information to the CPUC and to those parties that are not market-participants and have executed a non-disclosure agreement.

## **Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than May 18, 2023, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.3, this advice letter is submitted with a Tier 3 designation. PG&E requests that this Tier 3 advice submittal become effective upon Commission approval.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and service for A.20-08-023. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

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Sidney Bob Dietz II  
Director, Regulatory Relations  
CPUC Communications

**Confidential Version (with Confidential Appendix A)**

Jamie Gannon, Energy Division

Renee Gould, Energy Division

Molly Sterkel, Energy Division

Energy Division Tariff Unit

**Public Version (without Confidential Appendix A)**

Service List A.20-08-023



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Stuart Rubio

Phone #: 415-973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: stuart.rubio@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6932-E

Tier Designation: 3

Subject of AL: Request for Approval to Forgo the 2024 and 2025 Ruby Pipeline Contract Step Down Rights Pursuant to Decision 21-12-035, Ordering Paragraph 3

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-12-035

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: see confidential declaration and matrix  
 Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information: John Ulloa, John.Ulloa@pge.com

Resolution required?  Yes  No

Requested effective date: No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

California Public Utilities Commission  
Energy Division Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx:  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**PACIFIC GAS AND ELECTRIC COMPANY  
ADVICE LETTER 6932-E**

**DECLARATION OF JOHN ULLOA  
SEEKING CONFIDENTIAL TREATMENT OF CERTAIN DATA AND INFORMATION  
CONTAINED IN CONFIDENTIAL APPENDIX A**

I, John Ulloa, declare:

1. I am presently employed by Pacific Gas and Electric Company (“PG&E”) and have been an employee since 1998. My current title is Manager, Electric Gas Supply in the Electric and Gas Acquisition Department, which is part of the Energy Policy and Procurement organization. I am responsible for physical and financial trading of gas in support of PG&E’s utility-owned generation plants and PG&E’s tolling agreements. In carrying out these responsibilities, I have acquired knowledge of gas supply and gas hedging for electric generation, the markets for physical and financial products for gas supply and hedging, and the various types of transactions involved. This declaration is based on my personal knowledge of PG&E’s practices and my understanding of the Commission’s decisions protecting the confidentiality of market-sensitive information.

2. Based on my knowledge and experience, and in accordance with Decisions (“D.”) 06-06-066, 14-10-033 and relevant Commission rules, I make this declaration seeking confidential treatment of PG&E’s April 28, 2023 Advice Letter 6932-E, Confidential Appendix A,

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes confidential market sensitive data and information covered by D.06-06-066, 14-10-033 and Public Utilities Code Section 454.5(g). The matrix also specifies why



**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)  
ADVICE LETTER 6932-E  
April 28, 2023**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To</b>	<b>Justification for Confidential Treatment</b>	<b>Length of Time Date To Be Kept Confidential</b>
<p>Appendix A – in its entirety: Contains Electric Fuels Transport Portfolio positions and Electric Fuels Strategy</p>	<p>D.06-06-066 and Public Utilities Code Section 454.5(g)</p>	<p>Tables presented include a variety of confidential commercially market sensitive information, including information about contract and volume, cost, and cost savings, and the CPUC approved Bundled Procurement Plan Pipeline Capacity procurement limits.</p> <p>Release of this commercially market sensitive information could impact market prices, cause harm to PG&amp;E's customers, and put PG&amp;E at an unfair business disadvantage. This information could be used by other market participants to gain a commercial advantage.</p> <p>Electric Fuels Strategy is proprietary company information that if made public could cause harm to PG&amp;E's customers and put PG&amp;E at an unfair business disadvantage.</p>	<p>Indefinite</p>

## **Confidential Appendix A**

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T Albion Power Company	East Bay Community Energy Ellison Schneider & Harris LLP Engineers and Scientists of California	Pioneer Community Energy  Public Advocates Office
Alta Power Group, LLC Anderson & Poole	GenOn Energy, Inc. Green Power Institute Hanna & Morton ICF	Redwood Coast Energy Authority Regulatory & Cogeneration Service, Inc.
Atlas ReFuel BART	iCommLaw International Power Technology Intertie	Resource Innovations  SCD Energy Solutions San Diego Gas & Electric Company
Barkovich & Yap, Inc. Braun Blaising Smith Wynne, P.C. California Cotton Ginners & Growers Assn California Energy Commission	Intestate Gas Services, Inc.	SPURR San Francisco Water Power and Sewer Sempra Utilities
California Hub for Energy Efficiency Financing	Johnston, Kevin Kelly Group Ken Bohn Consulting Keyes & Fox LLP Leviton Manufacturing Co., Inc.	Sierra Telephone Company, Inc. Southern California Edison Company Southern California Gas Company Spark Energy Sun Light & Power Sunshine Design Stoel Rives LLP
California Alternative Energy and Advanced Transportation Financing Authority California Public Utilities Commission Calpine	Los Angeles County Integrated Waste Management Task Force MRW & Associates Manatt Phelps Phillips Marin Energy Authority McClintock IP McKenzie & Associates	Tecogen, Inc. TerraVerde Renewable Partners Tiger Natural Gas, Inc.
Cameron-Daniel, P.C. Casner, Steve Center for Biological Diversity	Modesto Irrigation District NLine Energy, Inc. NRG Solar	TransCanada Utility Cost Management Utility Power Solutions Water and Energy Consulting Wellhead Electric Company Western Manufactured Housing Communities Association (WMA) Yep Energy
Chevron Pipeline and Power City of Palo Alto	OnGrid Solar Pacific Gas and Electric Company Peninsula Clean Energy	
City of San Jose Clean Power Research Coast Economic Consulting Commercial Energy Crossborder Energy Crown Road Energy, LLC Davis Wright Tremaine LLP Day Carter Murphy		
Dept of General Services Don Pickett & Associates, Inc. Douglass & Liddell Downey Brand LLP Dish Wireless L.L.C.		