

(Very City Hall)

PACIFIC GAS AND ELECTRIC COMPANY

PG&E + 356 E. ALISAL STREET • P. O. BOX 1171 • SALINAS, CALIFORNIA 93901 • (408) 422-8822

W. L. MURRAY
DIVISION MANAGER

December 12, 1975

Dear Interruptible Gas Customer:

On December 2, 1975, by Decision No. 85189, the California Public Utilities Commission has ordered that:

"California gas utilities shall not provide service to new or additional service to customers wherein the customer's new requirement will be in excess of 50 Mcf/day and that requirement can be met with an alternate fuel." and

"Commission approval will be required before a gas utility can (1) provide service to any new non-residential customer with a demand of 50 Mcf/day and (2) install additional facilities to provide additional service to a non-residential customer wherein the new level of service is in excess of 50 Mcf/day."

The Commission's decision modifies the provisions of PGandE's Gas Rule 19 that heretofore focused on 200 Mcf/day for non-residential customers as a dividing line.

Further in the decision, the Commission established five priority classes, noting that the Federal Power Commission had adopted an end-use curtailment plan for El Paso Natural Gas Company, one of California's major suppliers of natural gas, and that the California Legislature had added to the Public Utilities Code sections requiring the PUC to establish a system of priorities among categories in descending order, starting with those which "provide the most important public benefits and serve the greatest need."

Appendix "B" of the Commission's decision is attached which describes the new end-use priorities.

The new priorities will not affect your operation until May 31, 1976.

Following are the approximate forecast of levels of gas service for this curtailment year under the old system and for the 1976-77 through 1977-78 curtailment years under the new end-use priorities:

1975 - 76 Curtailment Year
(Gas Supplies Forecast)
Curtailment

<u>Group Numbers</u>	<u>1975-76</u>
2	76%
3	87%
4	97%
5	99+%

1976-78 Curtailment Years
(Exhibit 203 of the CPUC Staff
in Case 9642)

<u>Priorities</u>	<u>1976-77</u>	<u>1977-78</u>
1	100%	100%
2A	100%	100%
2B	100%	100%
3	90-95%	80-90%
4	70-85%	60-70%

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These numbers are subject to adjustment and the same general qualifications as previous data you received (average year, maintenance of existing supplies, etc.)

As a result of this decision, many changes in our tariffs and policies will be required.

Energy Conservation is extremely important! Postive conservation efforts will enable us to supply your future energy requirements.

Lets get together to discuss ways you can make your operation more efficient to save energy and reduce your energy costs.

Please call me at 422 8822 for an appointment.

Sincerely,


A. K. Seefeldt
Industrial Power Engineer

AKS/sw

Enclosures

C.9581 et al. ltc

INTERIM ORDER

IT IS ORDERED that:

1. A system of end-use priorities for statewide allocation of natural gas based on the criteria set forth in Appendix B of this decision is hereby adopted on an interim basis pending resolution of any environmental impact issues. Tariff schedules reflecting the end-use priorities established herein shall be filed by the respondent utilities in accordance with General Order No. 96-A to become effective within one hundred and eighty days from the effective date of this order.
2. Southern California Gas Company (SoCal), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E) shall maintain data and report to the Commission quarterly on the number of customers and consumption of nonresidential customers with peak-day demands between 50-100 Mcf/d.
3. California gas utilities shall not provide service to new customers, or additional service to current customers, when the customer's new requirement will be in excess of 50 Mcf/d and that requirement can be met with an alternate fuel.
4. Commission approval will be required before a gas utility can (1) provide service to any new nonresidential customer with a demand in excess of 50 Mcf/d and (2) install additional facilities to provide additional service to a nonresidential customer when the new level of demand is in excess of 50 Mcf/d.
5. SoCal, PG&E, and SDG&E shall file with the Commission within one hundred and twenty days after the effective date of this order lists of customers falling into the categories of Priority 2-A and Priority 2-B permanent, and Priority 2-A and Priority 2-B temporary.

6. PG&E and SoCal shall expand their mutual assistance agreement or negotiate a separate agreement to protect deliveries to Priority 1 and Priority 2 customers on a statewide basis.

7. PG&E, SDG&E, and Southern California Edison Company (Edison) shall submit to the Commission within one hundred and eighty days from the effective date of this order a detailed estimate of the cost of converting igniter, start-up, and flame stabilization fuel requirements and a detailed analysis of the quantities used for these purposes.

8. PG&E, SDG&E, and Edison shall initiate a program designed to convert to an alternate fuel the natural gas now used for igniter, start-up, and flame stabilization purposes.

9. Uses not exceeding 25 Mcf/d on a peakday may be in the next higher priority where such use is a part of a multi- or split-priority customer's total use.

10. PG&E, SDG&E, Edison, and SoCal shall report every six months on present and future plans relative to conservation. The first such report is to be filed no later than December 30, 1975.

11. PG&E, SDG&E, Edison, and SoCal shall file quarterly a detailed analysis of:

- a. Expenditures for the immediate past six months for conservation and expenditure forecasts.
- b. Conservation activities and results with present interruptible and steam-electric customers.

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- c. Conservation activities and results with all other customer classes.
- d. Insulation activities.
- e. Customer information regarding energy conservation.

12. The authorization in Decision No. 83923 for certain petrochemical companies to transfer to C Block priority is hereby extended until the end-use priorities authorized herein become effective.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 2nd day of December, 1975.

I will file a concurrence.

/s/ LEONARD ROSS
Commissioner

I will file a concurrence.

/s/ ROBERT BATINOVICH
Commissioner

D. W. HOLMES

President

WILLIAM SYMONS, JR.

VERNON L. STURGEON

LEONARD ROSS

ROBERT BATINOVICH

Commissioners

APPENDIX B
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End-Use Curtailment

1. The following will establish an end-use priority system to replace the existing price-volume priorities under which the gas distribution utilities presently curtail deliveries of natural gas.
2. The criteria for categorizing the uses of natural gas of the customers of record as of the effective date of this decision is as follows:

<u>Priority</u>	<u>Description</u>
1	All residential use regardless of size. All other firm use with peak-day demands less than 100 Mcf/d.
2-A	Where primary use is as a feedstock with no alternative. Current firm nonresidential use with peak-day demands greater than 99 Mcf/d: Where conversion to alternate fuel is not feasible. Where conversion to alternate fuel is feasible. Electric utilities start-up and igniter fuel.
2-B	Current interruptible customers with LPG or other gaseous fuel standby facilities: Where conversion to alternate fuel is not feasible. Where conversion to alternate fuel is feasible. Other interruptible customers with CPUC-approved deviation from requirements for standby facilities.
3	All use not included in another priority.
4	Industrial boiler fuel where capability of utilizing an alternate fuel is present. Cement plants.
5	Utility steam-electric generation plants and utility gas turbines.

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The following definitions are to be associated with the criteria:

<u>Alternate fuels:</u>	Nongaseous fuels; particularly excluding SNG, LNG, and LPG.
<u>Boiler fuel:</u>	Gas used specifically to fire boilers, regardless of the end use of the steam produced.
<u>Feasible alternate fuel:</u>	The condition of a customer who currently has no capability of using an alternate fuel (as defined above), but where conversion to alternate fuel is technologically possible and economically practicable, within the context of the customer in question.
<u>Feedstock usage:</u>	Natural gas used as raw material for its chemical properties in creating an end product.
<u>Firm customers:</u>	Customers currently purchasing gas under firm natural gas service schedules.
<u>Interruptible customers:</u>	Customers currently purchasing gas under interruptible natural gas tariff schedules.
<u>Peak-day demand:</u>	A customer's highest month's requirement divided by the number of days of operation in that month.
<u>Residential use:</u>	Service to customers which consists of <u>direct</u> natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating, and other residential uses.
<u>Industrial use:</u>	Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product.

Note: Industrial use is further defined as uses in the categories falling under Division B, Mining, Division C, Construction, and Division D, Manufacturing in the Standard Industrial Classification Manual issued by the Executive Office of the President, Office of Management and Budget.

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Process Gas:

Use for which alternate fuels are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics.

Electric utilities start-up and igniter fuel:

Electric utility natural gas use where no alternate fuel capability exists for: (1) heating the boiler system adequately during start-up to enable efficient oil burning to meet pollution standards; and (2) insuring continuous ignition and flame stabilization within the boiler.

GAS PRIORITY CRITERIA

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APPENDIX 3
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