PDF 3/09/2004

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California.	Rulemaking 04-01-025 (Filed January 22, 2004)

MOTION TO MODIFY SCHEDULE OF RATEPAYERS FOR AFFORDABLE CLEAN ENERGY

March 9, 2004

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Representing:
Ratepayers for Affordable Clean Energy

MOTION TO MODIFY SCHEDULE
OF RATEPAYERS FOR AFFORDABLE CLEAN ENERGY

Introduction

On January 22, 2004, the Public Utilities Commission issued an "Order Instituting Ratemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California" ("OIR"). Ratepayers for Affordable Clean Energy ("RACE") applauds the Commission's efforts to ensure that there are reliable, long-term natural gas supplies to California at reasonable rates and, for this reason, submitted a motion to intervene as an active party in this Rulemaking on February 20, 2004.

Attached as an Appendix (Attachments 1, 2, & 3) to this Motion are RACE's data requests addressed to PG&E, Southwest Gas, and SoCalGas/SDG&E . We believe it is appropriate to include requests for data relative to the utilities' forecasts of rate-based electricity load as a result of Community Choice Aggregation in the electricity procurement proceeding, and out of an abundance of caution plan to submit these requests to Southern California Edison ("SCE") in the electric procurement proceeding, R.01-10-024, in which SCE is listed as a Respondent - but we would be happy to issue the data request to Southern California Edison in R.04-01-025 should the Administrative Law Judges deem this appropriate.

RACE is deeply concerned, moreover, at the structure, schedule and underlying assumptions of the OIR. The OIR excludes evidentiary hearings in R.04-01-025, bifurcates the proceeding into two phases, and fast-tracks key decisions concerning Liquefied Natural Gas ("LNG") investments in Phase I for resolution by June 2004, delaying the consideration of the broader policies and rules regarding LNG procurement in a *subsequent* Phase II, *after* the key decisions committing California ratepayers a particular investment in LNG and LNG delivery infrastructure have *already been made* with little nor no public process.

The OIR would decide California's multi-billion dollar natural gas policy for the next ten to fifteen years without a single evidentiary hearing. Ignoring basic principles of due process, the OIR would dramatically alter and eliminate regulatory oversight over natural gas procurement decisions, commit ratepayers to paying for massive capital investments, and rush California into permanent dependence on foreign LNG for both gas and electric service. The OIR would not allow any opportunities for parties to test the claims of the natural gas utilities or to present any testimony on the appropriate Commission public policy goals, the massive economic and environmental impacts associated with LNG, and the ratepayer impacts of the Commission's and the utilities' subsequent actions.

Moreover, the current schedule does not offer parties adequate time to analyze, critique and respond to the utilities' filed proposals. Instead, the OIR schedule imposes justifies a severe urgency on parties which will prevent a thorough, informed and orderly resolution of these critical questions, and could very likely lead the Commission to a course of action not dissimilar to the Department of Water Resources' disastrous electricity contracts with the same power generators subsequently accused of manipulation during the 2000-2001 energy crisis.

For these reasons, RACE is petitioning for a change in the schedule of R.04-01-025 as anticipated on page 26 of the OIR.

Analysis of OIR's Scope and Schedule

It is a generally accepted principle of regulatory process that matters of policy and rules concerning utility procurement should be decided by regulators *prior* to making any particular authorization to utilities to procure, so that such particular decisions shall be informed and guided by such policies and rules. The OIR asserts that the particular urgency of looming gas shortages justifies a radical departure from this principle:

> "From the Summer of 2000 through the Spring of 2001, California suffered from an energy crisis, which included exorbitant natural gas prices. The significant increase in the natural gas prices resulted from an increase in demand *and* the manipulation in the supply of natural gas for California. This, in turn, was part of the cause of exorbitant prices in the wholesale electric market to California, which also was victimized by price and supply manipulation by certain generators and marketers of electricity. " (*Emphasis Added,* OIR, II).

Indeed, the OIR appears to sit on the fence between two contradictory interpretations of the energy crisis - one reflecting the gas companies and merchant generators, who claimed that the increase in prices was caused by a *shortage of gas and electrical capacity*, and the opposing argument, reflecting the State of California's official position, that the price increases were in fact caused by *market manipulation.* The OIR would have it both way*s:*

> “California’s experience in the energy crisis revealed how a shortage of natural gas and/or electricity, *whether real or contrived*, can be devastating to the people, businesses and the economy of the State of California. Even a shortage in just a couple of months could cause billions of dollars of additional costs, which would not be incurred if there were a balance in the supply and demand. Moreover, the direct connection between natural gas supply and gas prices and the price of electricity was clearly established during the energy crisis. (E*mphasis Added*, OIR, II Background).

A “direct connection” does not constitute a *cause*, however. If the energy crisis was caused by a “contrived” rather than “real” shortage, however, it is not at all clear that increasing the supply of gas to California will in any way reduce the likelihood of future crises. To the contrary, the OIR *fully admits* that, in fact, the California energy crisis of 2000-1 *was not caused by a shortage of gas, but took place in a context of plentiful supplies*:

> “What is striking is that this (2000-1 crisis) occurred during the time when there were *abundant* natural gas supplies in North America and close to one Bcf/d of *excess interstate pipeline capacity* under firm interstate pipeline contracts to California primary delivery points. (*Emphasis Added,* OIR, Section III, C).

This admission of fact casts a shadow of doubt on the very premise that California *can* avert a future energy crisis by introducing imported foreign LNG into California’s energy mix. If the energy crisis shortage was “contrived” rather than “real,” clearly a different course of action by the Commission would be indicated - in particular, that the Commission would seek to *decrease, not increase,* California’s over-reliance on a fuel that is demonstrably vulnerable to price manipulation - contrived shortages. California already depends on natural gas-fired generation for 43% of its electricity supply, and consumes 40% of all the gas burned in California. Considering that new a LNG terminal or terminals are expected to directly leverage commercially non-viable investment in new gas-fired electrical generation, it is possible that rate-basing LNG contracts will make a future crisis *more likely* by further increasing the inappropriate market power of the natural gas industry in California. In short, by maintaining that *a shortage is a shortage* whether "real or contrived," the urgent process it imposes on R.04-01-025 would in fact risk causing the very energy crisis it seeks to avoid.

These facts underscore the importance of addressing matters of policy and rules prior to authorizing any rate-basing of LNG contracts or infrastructure investments. By delaying such discussion of policy and rules until after such authorizations have been made in Phase I, the OIR as currently structured does nothing to address the likelihood of future contrived shortages, *and in fact increases the likely severity of the impacts of* such contrived shortages on the electricity sector to the extent that authorizing gas procurement contracts and investments at ratepayer risk and expense will result in an increased percentage of gas-fired generation in California's portfolio of electrical generation, threatening even more severe electric bill impacts whenever the price of natural gas rises.

Moreover, the OIR imposes a schedule that would require the Commission to free the utilities from regulatory oversight by first "pre-approving" massive investments in natural gas and LNG and then afterwards deciding the appropriate policies and rules. This stands prudent planning and public policy on its head and puts the cart before the horse.

The OIR also does not require the utilities to demonstrate that their forecasts of future demand reflect all of the technically feasible and economic natural gas demand and electricity energy use reduction measures and programs. This too is backwards. Before allowing the utilities to commit to massive new investments in natural gas infrastructure and perhaps LNG, the Commission should investigate whether increased investments in both gas and electricity energy efficiency measures and programs would be both more economic and better for the environment. But the schedule and phasing of the issues in the OIR does not allow for such a discussion in Phase 1.

Circumstantial Changes Since OIR Was Mailed

The OIR justifies its railroading process based on allegations of an *emergency* that demands resolution of California's LNG strategy within six months, by June, 2004:

> "There is currently an open season *deadline of September 1, 2004* for use of pipelines in Mexico and the United States for this natural gas to be transported to Arizona and other East of California locations. We are concerned that LNG shippers may not have direct access from Baja California to the southern California market, and that we have not provided clear guidelines to SDG&E and SoCalGas for providing access to their transmission systems for such shippers. Therefore, *so that this LNG supply may also be directly accessible to California*, the Commission should issue a decision by the Summer of 2004 concerning general guidelines for access for such natural gas supplies to enter Southern California through Otay Mesa." (E*mphasis Added*, OIR III, B, 2).

Without this claim, there would be no need to exclude evidentiary hearings, no reason to truncate the process, and no reason to authorize gas procurement decisions prior to deciding the appropriate policy and rules.

In fact, *there is no such emergency.* On the same day that the OIR was mailed (January 27, 2004), Gasoducto Bajanorte and North Baja Pipeline, LLC changed the date referenced in the OIR quotation above, on which the LNG shipper's conditions precedent expire from September 1, 2004 to December 1, 2004.

Thus the basis of the OIR's urgent deadline has disappeared. So that the LNG supply may also be directly accessible to California, the Commission need not issue a decision on Phase I until November, 2004 concerning general guidelines for access for such natural gas supplies to enter Southern California through Otay Mesa. There is no reason not to hold evidentiary hearings, no reason to bifurcate the proceeding, no reason to authorize procurement prior to deciding the Commission's gas procurement policy and rules, and no reason to truncate the overall process.

Proposed Changes

As required by the OIR, California natural gas public utilities submitted proposals on three Phase I issues by February 24, 2004. The OIR invites interested parties to respond to the utilities' proposals, and requires the utilities to answer certain data requests from parties such as RACE so that they may offer modifications or alternatives to the proposals.

A deadline of March 23, 2004 was established for interested parties to submit such responses, leaving parties only *one month* to (1) read these voluminous proposals, (2) submit detailed data requests to the utilities, (3) wait for the utilities to prepare and divulge the data, then (4) analyze the data, then (5) prepare and submit our modifications or alternatives.

RACE and its consultants, including Synapse Energy Economics, Inc., have reviewed in detail the proposals and data submitted by the four California natural gas utilities on February 24th. RACE and Synapse has prepared data requests that are being submitted to the utilities in the Appendix to this Motion to elicit more information on key questions such as the amounts of energy efficiency and changes in electricity procurement that have been factored into each company's natural gas demand forecasts.

RACE agrees with the Commission that the issues set forth in the OIR are critical, and asserts that the OIR's current schedule for evaluating the utilities submissions does not leave adequate time for parties to respond to the utilities' submissions.

RACE therefore requests three changes to the OIR:

- First, RACE requests that the Commission extend the deadline for interested parties to submit their comments by at least one month, that is, from March 23 to April 29, 2004. RACE requires this additional time to adequately evaluate the complex, detailed and voluminous filings submitted by the natural gas utilities. RACE does not believe that this modest extension will adversely affect the Commission's ability to render a timely decision in this proceeding;
- Second, evidentiary hearings should be scheduled;
- Third, the OIR should be modified to put the proverbial "horse before the cart" by reversing Phase I and Phase II so that decisions on policy and rules can be decided before

LNG procurement and LNG infrastructure expansion decisions are made on November 1, 2004.

RACE believes that there are important issues that need to be addressed in this rulemaking. However, RACE also believes that it is important that the Commission act with deliberate haste and not allow the utilities to unduly rush into any long-term commitments. RACE implores the Commission to take heed of the lessons to be learned from the experience of the Department of Water Resources rushing to sign long-term contracts with suppliers in 2001 at the height of the energy crisis.

Respectfully,

March 9, 2004

Paul Fenn
Ratepayers for Affordable Clean Energy

Appendix:

Attachment 1: RACE'S FIRST SET OF DATA REQUESTS TO SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY

Attachment 2: RACE'S FIRST SET OF DATA REQUESTS TO SOUTHWEST GAS CORPORATION

Attachment 3: RACE'S FIRST SET OF DATA REQUESTS TO PACIFIC GAS & ELECTRIC COMPANY

Attachment 1

RACE'S FIRST SET OF DATA REQUESTS TO SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY

Ratepayers for Affordable Clean Energy submits the following data request to San Diego Gas & Electric Company and Southern California Gas Company in R. 04-01-025:

1. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 4.

    a. Describe in detail and quantify precisely how reductions in natural gas consumption as a result of demand reduction efforts have been reflected in the various demand projections for the years 2006 and 2016 provided by SDG&E in response to Question 1 in OIR R.04-01-025.

    b. Quantify the funding levels for demand reduction efforts that SDG&E has assumed for each of the years 2006 and 2016 for the various demand projections for the years 2006 and 2016 provided by SDG&E in response to Question 1 in OIR R.04-01-025.

    c. Describe in detail and quantify precisely how reductions in natural gas consumption as a result of demand reduction efforts have been reflected in the various demand projections for the years 2006 and 2016 provided by SoCalGas in response to Question 1 in OIR R.04-01-025.

    d. Quantify the funding levels for demand reduction efforts that SDG&E has assumed for each of the years 2006 and 2016 for the various demand projections for the years 2006 and 2016 provided by SoCalGas in response to Question 1 in OIR R.04-01-025.

2. Provide copies of the analyses, assessments, evaluations or studies prepared by or for SDG&E since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of existing or expanded demand reduction efforts in the residential, commercial, industrial and/or EG sectors.

3. Provide copies of the analyses, assessments, evaluations or studies prepared by or for SoCalGas since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of existing or expanded demand reduction efforts in the residential, commercial, industrial and/or EG sectors.

4. Provide copies of the workpapers, source documents, and analyses which form the basis for the figures included in Figures 4, 5, 6, and 7 in Chapter 1 of the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004.

5. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 56. Provide copies of the workpapers, source documents, and analyses which form the basis for the figures for the Access Costs @ Otay Mesa and the Access Costs Detail included in Figure 1 and Table 1.

6. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 59. Provide copies of the workpapers, source documents, and analyses which form the basis for the figures for the Access Costs @ Long Beach/Salt Works Station and the Access Costs Detail included in Figure 2 and Table 2.

7. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at pages 61 and 62. Provide copies of the workpapers, source documents, and analyses which form the basis for the figures for the Access Costs @ Oxnard and the Access Costs Detail included in Figure 3 and Table 3.

8. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 64. Provide copies of the analyses and assessments of the system improvements necessary to establish two receipt points simultaneously for LNG on the SoCalGas/SDG&E system and the potential costs of these improvements. Please also provide the workpapers and source documents for each such analysis or assessment.

9. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 66. Provide copies of the analyses and assessments of the costs of each of the Backbone Transmission Expansion Options listed in Table 4.

10. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 74. Provide copies of the workpapers, source documents, and analyses which form the basis for Figure 1.

11. Provide a copy of the CERA analysis referenced at page 75 of the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004.

12. Reference the Proposals of San Diego Gas & Electric Company and Southern California Gas Company, dated February 24, 2004, at page 100. Provide copies of the analyses and assessments of the costs of each of the 200 MMcf/d Independent Receipt Point Expansions presented in the Table on this page.

13. Reference the Panel II.A Demand Reduction panel presentation at the December 9-10,

2003 CEC/CPUC Natural Gas Workshop by Geoffrey M. Ayres, Director Commercial/Industrial Markets for Southern California Gas, SDG&E.

a. Provide copies of the workpapers and source documents for the slides used in Mr. Ayres' presentation.

b. Specify SoCalGas's MMCF demand reduction goals for each year during the period 2006-2016.

c. Quantify the amount(s) by which the projected natural gas reductions for the years 2006 and 2016 provided in response to part b. of this question are included in the demand forecasts provided in response to Question 1 of OIR R.04-01-025.

d. Specify projected future SCG Core Gas Sales per capita for any of the years 2004-2016.

e. Specify the amounts that SoCalGas currently intends to or projects that it will spend on demand reduction efforts in each year during the period 2004 through 2016.

f. Specify SDG&E's natural gas reduction goals for each of the years between 2006 and 2016.

g. Quantify the amount(s) by which the projected natural gas reduction figures for the years 2006 and 2016 provided in response to part f. of this question are included in the demand forecasts provided in response to Question 1 of OIR R.04-01-025.

h. Specify the amounts that SDG&E currently intends to or projects that it will spend on demand reduction efforts in each year during the period 2004 through 2016.

i. Quantify the amount by which the incremental natural gas EG load reduction of 800 MMcf, that SDG&E expects to achieve as a result of increasing its electric energy efficiency efforts by 70% starting in 2004, are included in the demand forecasts provided in response to Question 1 of OIR R.04-01-025.

j. Provide the analyses, assessments, evaluations or studies which form the basis for the conclusion that increasing electric energy efficiency efforts by 70% starting in 2004 will lead to an incremental natural gas EG load reduction of 800 MMcf.

14. Provide copies of the analyses, assessments, evaluations or studies prepared by or for SoCalGas and/or SDG&E since January 1, 2003 which projected, examined or quantified the amounts by which electricity demand and energy use potentially could be reduced in 2006, 2016, or any year in between, as a result of existing or expanded efficiency efforts.

15. Provide copies of the analyses, assessments, evaluations or studies prepared by or for SoCalGas and/or SDG&E since January 1, 2003 which projected, examined or quantified

the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of existing or expanded electric energy efficiency efforts.

16. Provide copies of the analyses, assessments, evaluations or studies prepared by or for SoCalGas and/or SDG&E since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of the repowering of existing electric generating facilities.

17. Provide copies of the analyses, assessments, evaluations or studies prepared by or for SoCalGas and/or SDG&E since January 1, 2003 which projected, examined or quantified the amounts by which electric utility procurement, and associated demand for the rate-basing of additional gas-fired electrical generation capacity, potentially could be reduced in 2006, 2016, or any year in between, as a result of regional electrical load departures associated with "widespread adoption" of Community Choice Aggregation pursuant to Chapter 838 of 2002, as required by California Public Utilities Commission's January 22, 2004 electric utility procurement decision, D. 04-01-046 of R.01-10-024 on p.24, p.103, and Finding of Fact #49 on p.192 and Conclusion of Law #32 on p.197.

Attachment 2

RACE'S FIRST SET OF DATA REQUESTS TO SOUTHWEST GAS CORPORATION

1. Reference Southwest Gas Corporation's Phase 1 Proposal for Long-Term Reliable Supplies of Natural gas to California. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that planning for the peak day based on the coldest weather in thirty years is the appropriate or optimal standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

2. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a lower standard than the coldest weather in thirty years (such as planning for the coldest weather in three, five, or ten years) would not be an appropriate standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

3. Provide copies of Southwest Gas Corporation's two most recent gas system resource planning studies for its division in California.

4. Provide copies of the analyses, assessments, evaluations or studies prepared by or for Southwest Gas Corporation since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of existing or expanded demand reduction efforts in the residential, commercial, industrial and/or electric generation sectors.

5. a. Describe in detail and quantify precisely how reductions in natural gas consumption as a result of demand reduction efforts have been reflected in the various demand projections for the years 2006 and 2016 provided by Southwest Gas Corporation in response to Question 1 in OIR R.04-01-025.

   b. Quantify the funding levels for demand reduction efforts that Southwest Gas Corporation has assumed for each of the years 2006 and 2016 for the various demand projections for the years 2006 and 2016 provided by Southwest Gas Corporation in response to Question 1 in OIR R.04-01-025.

6. Provide a complete list of the other natural gas utilities, of which Southwest Gas Corporation is aware, that use a coldest weather in thirty years planning standard. Please state whether this standard has been accepted by the regulatory commissions in any jurisdictions.

Attachment 3

RACE'S FIRST SET OF DATA REQUESTS
TO PACIFIC GAS & ELECTRIC COMPANY

1. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a 1-in-10-year peak day is the appropriate or optimal standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

2. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a 1-in-10-year winter load is the appropriate or optimal standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

3. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a 1-in-3-year peak day is not an appropriate standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

4. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a lower standard than a 1-in-10-year peak day (such as planning for a 1-in-5-year or 1-in-7-year peak day) is not an appropriate standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

5. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a 1-in-3-year winter load is not an appropriate standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

6. Please provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that a standard that would meet a lower standard than a 1-in-10-year winter load (such as planning for a 1-in-5-year or 1-in-7-year winter load) is not an appropriate standard to be used in planning. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

7. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at page 5. Provide copies of the analyses, assessments, evaluations and studies which form

the basis for the conclusion that PG&E should hold 43,000 MDth of in-state storage inventory and 1,080 MDth/day of interstate and winter intrastate capacity. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

8. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at page 5. Provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that PG&E should hold 800 MDth/day of summer intrastate capacity. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

9. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at page 6. Provide the evidence and the documents which form the basis for the statement that "The capacity mix proposed by PG&E will move the level of core reliability closer to that of other utilities in the country."

10. Provide copies of PG&E's two most recent gas system resource planning studies.

11. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at page 9. Specify the date on which PG&E will be required to exercise Rights of First Refusal on each of its contracts with pipelines.

12. Please state whether for each of PG&E's existing contracts with pipelines, after PG&E has exercised its Right of First Refusal, the company can later change its mind and decide not to exercise its Right of First Refusal. Please provide the specific language from each such contract which addresses the Rights of First Refusal grated to PG&E, the date(s) by which PG&E must exercise those Rights, and any relevant penalty provisions.

13. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at page 21. Provide the analyses which form the basis for PG&E's preliminary estimate that the cost to build a pipeline from an LNG regasification facility in Eureka to the Gerber Compressor Station would be between $350 million and $400 million. Please also provide the workpapers and the source documents for this estimate.

14. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at pages 21 and 22. Provide the analyses which form the basis for PG&E's preliminary estimates that the cost of expanding the Redwood Path to accommodate additional flow from the Calpine proposed LNG facility. Please also provide the workpapers and the source documents for this estimate.

15. Reference PG&E's Phase 1 Proposals and Data Response, dated February 24, 2004, at page 25. Provide copies of the analyses, assessments, evaluations and studies which form the basis for the conclusion that PG&E should hold between 1050 MDth/day and 1250 MDth/day of firm interstate and winter intrastate pipeline capacity and between 40 and 46 MMDth of storage inventory capacity. Please also provide the workpapers for each of these analyses, assessments, evaluations and studies.

16. a. Provide copies of the workpapers and source documents for the slides used in the

presentation of Dave Hickman from PG&E on December 9, 2003, "Demand Reduction Efforts" at the CPUC and CEC workshop.

b. Specify the following information for the potential natural gas savings presented in each of Mr. Hickman's slides:

(i) Are the projected savings for all of California or just for PG&E's service territory.

(ii) Are the projected savings annual savings.

(iii) By what year could these savings be achieved.

(iv) Do these figures represent the potential savings from all users of natural gas or only from PG&E's core customers.

17. Provide copies of the analyses, assessments, evaluations or studies prepared by or for PG&E since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of existing or expanded demand reduction efforts in the residential, commercial, industrial and/or EG sectors.

18. a. Describe in detail and quantify precisely how reductions in natural gas consumption as a result of demand reduction efforts have been reflected in the various demand projections for the years 2006 and 2016 provided by PG&E in response to Question 1 in OIR R.04-01-025.

b. Quantify the funding levels for demand reduction efforts that PG&E has assumed for each of the years 2006 and 2016 for the various demand projections for the years 2006 and 2016 provided by PG&E in response to Question 1 in OIR R.04-01-025.

19. Provide a complete list of the other natural gas utilities, of which PG&E is aware, that use a 1-in-10-year planning standard for peak day or winter load. Please state whether this standard has been accepted by the regulatory commissions in any jurisdictions.

20. Specify the amounts which PG&E currently intends to or projects that it will spend on natural gas demand reduction efforts during each year of the period 2004-2016.

21. Provide copies of the analyses, assessments, evaluations or studies prepared by or for PG&E since January 1, 2003 which projected, examined or quantified the amounts by which electricity demand and energy use potentially could be reduced in 2006, 2016, or any year in between, as a result of existing or expanded efficiency efforts.

22. Provide copies of the analyses, assessments, evaluations or studies prepared by or for PG&E since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of existing or expanded electric energy efficiency efforts.

23. Provide copies of the analyses, assessments, evaluations or studies prepared by or for PG&E since January 1, 2003 which projected, examined or quantified the amounts of natural gas that potentially could be saved in 2006, 2016, or any year in between, as a result of the repowering of existing electric generating facilities.

24. Provide copies of the analyses, assessments, evaluations or studies prepared by or for PG&E since January 1, 2003 which projected, examined or quantified the amounts by which electric utility procurement, and associated demand for the rate-basing of additional gas-fired electrical generation capacity, potentially could be reduced in 2006, 2016, or any year in between, as a result of regional electrical load departures associated with "widespread adoption" of Community Choice Aggregation pursuant to Chapter 838 of 2002, as required by California Public Utilities Commission's January 22, 2004 electric utility procurement decision, D. 04-01-046 of R.01-10-024 on p.24, p.103, and Finding of Fact #49 on p.192 and Conclusion of Law #32 on p.197.

CERTIFICATE OF SERVICE

I, the undersigned, hereby declare:

1. I am a citizen of the United States of America over the age of eighteen years. My business address is 4281 Piedmont Avenue, Oakland CA 94611.

2. On March 9, 2004, I caused service of :

MOTION TO MODIFY SCHEDULE
OF RATEPAYERS FOR AFFORDABLE CLEAN ENERGY

to be made by EMAIL upon the parties or their attorneys of record for R.04-01-025 and R.02-06-041, in accordance with the February 17, 2004 Ruling of Administrative Law Judges David Fukutome and John Wong Regarding Service of Documents for R.04-01-025.

I declare under penalty of perjury that the foregoing is true and correct.

Dated in Oakland, California, this 9th day of March, 2004

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Email Service List

R.04-01-025 (p.27 of January 22, 2004 OIR)

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R.02-06-041

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