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February 25, 2003

Advice No. 3241
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revision of Rule No. 36 – Interstate Capacity Brokering

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

Purpose

This filing proposes a significantly more concise version of Rule No. 36, Interstate Capacity Brokering, that removes initial implementation details, outdated information and information that is more appropriately contained in the interstate pipelines' tariffs. This filing also proposes to delete the Pre-Arranged Interstate Capacity Transfer Form 6598 that is no longer used.

Background

Rule No. 36 was created in 1993, as a result of Decision Nos. 91-11-025 and 92-07-025 and Resolution Nos. G-3023, G-3033 and G-3043 to implement the brokering of SoCalGas' firm interstate capacity rights. With the exception of two minor changes, this Rule is in its original format.

During a recent review, SoCalGas found that this Rule needed to be modified to provide up to date information regarding the brokering of interstate firm capacity rights. Some of the Rule's terms refer to the initial implementation of capacity brokering. Other information is outdated due to technological advances in the pipelines' electronic bulletin boards. Furthermore, since much of the capacity brokering activity falls under FERC jurisdiction, there is a fair amount of detail in this Rule that is also contained in the interstate pipelines' tariffs. SoCalGas proposes that it is more appropriate to reference the FERC rules and regulations rather than restate this information in Rule No. 36. This also eliminates the need for SoCalGas to modify Rule No. 36 when the FERC makes changes to their rules.

In the course of the revision process, SoCalGas reviewed PG&E's Rule 21.1, Use of PG&E's Firm Interstate Rights, that is similar to SoCalGas Rule No. 36. PG&E's Rule 21.1 has been updated to reflect many of the changes SoCalGas is proposing and was used as a guideline in revising Rule No. 36. All of the changes described below are consistent with the Decisions and Resolutions that created this Rule.

Information

Following is a description of the changes that SoCalGas is proposing in this filing:

- 1) The title of the Rule has been changed from "Interstate Capacity Brokering" to "Interstate Capacity Release" to reflect terminology that is consistent with FERC terminology.
- 2) Section A, General, has been renamed "Releasing Capacity" and rewritten to consolidate information and eliminate information that is no longer relevant. Reference to Form No. 6598, Pre-arranged Interstate Capacity Transfer, is being deleted since this form is no longer used. Pre-arranged deals, as well as open offer deals, are now posted directly to the interstate pipelines' electronic bulletin boards by SoCalGas along with all of the terms and conditions included in Form 6598 making the hard copy form unnecessary. Reference to Rule No. 35 for a description of open season has been removed since the original Rule No. 35 – Capacity Brokering Implementation, that contained this information, was deleted from SoCalGas' tariff book, by Advice No. 2419, effective June 26, 1995.
- 3) Section B, Capacity Term Pools and Section C, Capacity Term Pool Transfers, have been deleted. These sections contain information on capacity terms, assignments and transfers that is outdated unnecessary detail that could be potentially misleading. Capacity was initially assigned to short, medium and long-term pools as a non-discriminatory measure to insure that all time periods were made available to interested parties. Over the years, as capacity rights have transferred from the utilities and become available from third parties, term pools have become unnecessary. In addition, the information regarding interstate capacity at delivery points in the rule is not current. The delivery points on SoCalGas' capacity may change periodically. The specific delivery and receipt points on SoCalGas' capacity are specified in each SoCalGas contract and are publicly available. In an effort to make this Rule easier to maintain these specifics are being removed.
- 4) Section D, Interstate Capacity Brokering Open Seasons and Bidding, has been deleted with the exception of Item 4 which has been reworded and moved to Section A. This section contains information regarding initial implementation procedures and details that are no longer necessary due to technological advancements in the interstate pipelines' bidding methodology.
- 5) Section E, Bid Evaluation, has been deleted. This section contains information that is no longer necessary due to technological advancements in the interstate pipelines' bidding methodology and changes in the marketplace.

- 6) Section F, Secondary Brokering, has been deleted. Rules for secondary brokering are FERC governed and stated in the interstate pipelines' tariffs (El Paso Section 28.2 and 28.9; Transwestern Section 30.9). It is redundant to restate this information in Rule No. 36.
- 7) Section G, Less Than One Month Capacity Assignment, has been deleted. Rules for less than one month capacity assignment are FERC governed and stated in the interstate pipelines' tariffs (El Paso Section 28.8; Transwestern Section 30.3). It is redundant to restate this information in Rule No. 36.
- 8) Section H, Direct Posting of Interstate Capacity has been restated and incorporated into Section A.
- 9) Section I, Core Aggregation Transportation, has been moved to Section B and renamed "Assignment of Capacity for Core Aggregation Transportation Service". Text has been slightly modified to more clearly state the intent of the section and is consistent with the Core Transportation tariff language.
- 10) Section J, Large Core Transportation, has been moved to Section C and renamed "Assignment of Capacity for Other Core Transportation Service". This section has been consolidated and revised to include any other core transport customers. Language regarding initial implementation and Form No. 6598 that is no longer used has been removed.
- 11) Section K, Capacity Relinquishment, has been deleted. This section contains information that pertained to the initial capacity brokering implementation period and is no longer required. Resolution G-3043 states that in FERC Order 636 FERC decided that relinquishments should be mandatory during the restructuring proceeding but does not require post-restructuring relinquishments to be mandatory.
- 12) Section L, Cogeneration Customers, Section M, Cogeneration Customer Bid Options and Section N, Options for New Cogeneration Customers, have been deleted. CPUC Decision 00-04-060 directed SoCalGas to remove from its tariffs special considerations for transmission and storage service for cogeneration customers. There is no longer any reason to segregate cogeneration customers from other customers for the purposes of this Rule. Cogeneration customers now follow the same rules described in Section A of the revised Rule No. 36.

Protest

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jjr@cpuc.ca.gov) and to Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
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Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
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If there are questions regarding the content of this filing, please contact:

Donna Shepherd
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(213) 244-3837

Effective Date

This filing will not result in an increase or decrease in any rate or charge, conflict with any rate schedule or any other rules, nor cause the withdrawal of service. Therefore, no resolution is needed to approve this filing. SoCalGas respectfully requests that this filing become effective April 7, 2003, which is not less than forty (40) days regular statutory notice.

Notice

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A.

J. STEVE RAHON
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Tariffs and Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3241

(See Attached Service List)

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ATTACHMENT B
Advice No. 3241

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36351-G	Rule No. 36, INTERSTATE CAPACITY RELEASE, Sheet 1	Revised 24687-G, 27293- G Revised 27294-G, 27295- G
Revised 36352-G	Rule No. 36, INTERSTATE CAPACITY RELEASE, Sheet 2	Revised 32744-G, 27297- G Revised 27298-G, 27299- G
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Revised 36354-G	TABLE OF CONTENTS	Revised 36254-G
Revised 36355-G	TABLE OF CONTENTS	Revised 36350-G

Rule No. 36
INTERSTATE CAPACITY RELEASE

Sheet 2

(Continued)

C. Assignment of Capacity for Other Core Transportation Service

From the total interstate capacity reserved by the Utility for its core market, capacity shall be reserved and subsequently assigned to core transportation customers via prearranged releases at the full as-billed rate. Such capacity shall be reserved and assigned for such customers in an amount equal to their DCQ, as defined in SoCalGas' Tariff Rule No. 1. Interstate capacity assignment to core transportation customers will be divided among interstate pipelines on which Utility holds firm interstate transportation rights for its core customers on a pro rata basis among any such pipelines in a manner equivalent to the percentage of Utility's total firm capacity reservation represented by each such pipeline to the extent that these costs are allocated to core customers.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3241
DECISION NO.

2H19

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Feb 25, 2003
EFFECTIVE Apr 7, 2003
RESOLUTION NO. _____

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3241
 DECISION NO.
 2H13

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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D

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3241
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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