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February 9, 2004

Advice No. 3349  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Request for Service Deviation from Tariff Schedule GT-F, Firm Interstate Transmission Service, for El Segundo Power, LLC**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) a request to deviate from tariff rate Schedule GT-F, Firm Interstate Transmission Service, Special Condition 11, in order to provide full requirements service, as defined in Schedule GT-F, to El Segundo Power, LLC. This filing submits for approval a Special Condition amendment to Schedule A of the Master Services Contract (Form 6597-1) between SoCalGas and El Segundo Power, LLC, incorporated herein as Attachment B.

**Information**

El Segundo Power, LLC, an electric generation company, located directly across the street from the ChevronTexaco Refinery in El Segundo, has historically taken firm, full requirements service from SoCalGas under Rate Schedule GT-F. The GT-F tariff states in Special Condition 11 that "full requirements" customers are prohibited from using alternate fuels or bypass pipeline service. In December 2001, SoCalGas became aware that El Segundo Power, LLC has been using the intermittent supplies of excess gas from the ChevronTexaco refinery and began billing El Segundo Power, LLC Use-or-Pay charges, as provided for in Schedule GT-F Special Condition 12, for the unauthorized alternate fuel use.

On July 1, 2003, El Segundo Power, LLC, in the process of renewing its transportation agreement with SoCalGas, proposed an arrangement which would allow El Segundo Power, LLC to retain full requirements firm transportation service and to continue to use the excess ChevronTexaco refinery gas. El Segundo Power, LLC proposed to pay SoCalGas 100% of the applicable transmission charge under Schedule GT-F for any excess refinery gas used in their power plant, and at the same time, continue to take firm, full requirements transmission service under Schedule GT-F for the two year tariffed contract term. The reasons for El Segundo Power, LLC's proposal are 1) due to firm generation contract obligations, El Segundo Power, LLC prefers not to take interruptible

service under Rate Schedule GT-I, Interruptible Intrastate Transmission Service 2) EI Segundo Power, LLC has a long-standing agreement with ChevronTexaco to take intermittent supplies of excess refinery gas, which is less than 1.2 million therms per year and which must otherwise be flared by ChevronTexaco and 3) due to economics, EI Segundo Power, LLC prefers not having the Use-or-Pay obligation associated with partial requirements service under Schedule GT-F.

Because of this unique situation, where the amount of excess refinery gas that is considered unauthorized alternate fuel use under Schedule GT-F, is relatively small (less than 1% of EI Segundo Power, LLC's historical usage), and since, according to ChevronTexaco, the excess refinery gas must otherwise be flared, SoCalGas has decided to seek the Commission's approval for a deviation from tariff Schedule GT-F Special Condition 11, as provided for in General Order 96-A, Section X, to allow EI Segundo Power, LLC to use the excess gas from the ChevronTexaco refinery while taking full requirements service from SoCalGas under Schedule GT-F. SoCalGas has listed a series of conditions in a Special Condition Amendment to the Master Services Contract, Schedule A, Intrastate Transmission Service (Form 6597-1) between SoCalGas and EI Segundo Power, LLC (See Attachment B).

To ensure that this arrangement causes no financial harm to SoCalGas ratepayers, EI Segundo Power, LLC will be charged 100% of the applicable GT-F5 rate in Schedule GT-F, for the amount of excess refinery gas permitted under the Amendment. If EI Segundo Power uses more than the maximum quantities allowed, then SoCalGas shall have the discretion to terminate the Agreement and/or bill EI Segundo Power for the amount of refinery gas exceeding the monthly and annual maximum at 300% of the applicable GT-F5 rate.

### **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 this Advice Letter was filed with the Commission. 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, 4<sup>th</sup> 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](mailto:jjr@cpuc.ca.gov)) and to Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [snewsom@SempraUtilities.com](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes that approval of this advice letter does not require a resolution to be issued by the Commission; however, the Commission may determine that a resolution is warranted in this case.

SoCalGas respectfully requests this advice letter be approved on or after March 20, 2004, which is not less than forty (40) days regular statutory notice, or on such later date the Commission may direct by resolution.

**Notice**

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

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J. STEVE RAHON  
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Attachments

**ATTACHMENT A**

**Advice No. 3349**

**(See Attached Service List)**

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**ATTACHMENT B**

**Advice No. 3349**

**AMENDMENT TO MASTER SERVICES CONTRACT, SCHEDULE A  
INTRASTATE TRANSMISSION SERVICE**

**El Segundo Power, LLC.**



**Amendment to Master Services Contract, Schedule A, Intrastate Transmission  
Service dated as of January 31, 2004, between Southern California Gas  
Company (Utility) and El Segundo Power LLC**

This Amendment is entered into as of January 31, 2004. Utility and El Segundo Power, LLC agree that the following Special Conditions shall be added to Section 9 of Master Services Contract, Schedule A, Intrastate Transmission Service (Form 6597-1):

Section 9 – Miscellaneous

Special Conditions:

Special Condition 11 of Utility's Rate Schedule GT-F, Firm Intrastate Transmission Service provides: "Full requirements customers are prohibited from using alternate fuels or bypass pipeline service (1) except in the event of curtailment, (2) to test alternate fuel capability, or (3) where the Utility has provided prior written authorization for the use of alternate fuels or bypass for temporary periods." El Segundo Power, LLC is permitted, subject to the approval of the California Public Utilities Commission, to use alternate fuel consisting of refinery gas provided that the following conditions are met.

1. The source of the refinery gas must be the intermittent supplies of excess refinery gas, which must otherwise be flared, from the ChevronTexaco El Segundo Refinery, located directly across Vista Del Mar from El Segundo Power, LLC, located at 301 Vista Del Mar, El Segundo, California.
2. The maximum quantity of the excess refinery gas used as alternate fuel is limited to 250,000 therms per month, and the annual total excess refinery gas used as alternate fuel shall not exceed 1.2 million therms per calendar year.
3. El Segundo Power, LLC, shall pay 100% of the applicable GT-F5 rate under Rate Schedule GT-F, Firm Intrastate Transmission Service, or its successor, and any other applicable tariff and surcharges specified for intrastate transmission service in Utility's tariffs for the amount of excess refinery gas permitted to use. If El Segundo Power, LLC uses more than the maximum quantities allowed, the Utility shall have the discretion to terminate the Agreement and/or bill El Segundo Power, LLC for the amount of refinery gas exceeding the monthly and annual maximum at 300% of the applicable GT-F5 rate under Rate Schedule GT-F, or its successor, and any other applicable tariff and surcharges specified for intrastate transmission service in Utility's tariffs.
4. Within 3 calendar days from the end of each month, El Segundo Power, LLC shall provide the Utility with the total metered refinery gas usage for that month through an affidavit in form and substance acceptable to the Utility.
5. Utility shall have the right to audit; or hire an independent auditor at El Segundo Power, LLC's expense, to audit the measurement device used to measure the refinery gas usage. Any measurement discrepancies identified by the audit will be El Segundo Power, LLC's responsibility to correct both mechanically and financially within 5 (five) business days of discovery.

6. Utility reserves the right to terminate the Special Conditions at any time with 30 (thirty) day notice to El Segundo Power, LLC.
7. At the end of the initial 2-year term of the Master Services Contract Schedule A, Utility shall have the discretion to extend the Special Conditions to the next contract term.
8. These Special Conditions shall not be assigned (voluntarily, involuntarily or by operation of law) to any other entities.

SOUTHERN CALIFORNIA GAS COMPANY

EL SEGUNDO POWER, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_