#### PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298



May 16, 2007

Advice Letter 3733

Mr. Sid Newsom Regulatory Tariff Administration Southern California Gas Company – GT14D6 555 West Fifth Street Los Angeles, CA 90013-4957

RECEIVED

MAY 2 1 2007

REGULATORY

**TARIFFS** 

Subject: Further Extension of Blythe Operational Flow Requirement Memorandum Account

Dear Mr. Newsom:

Advice Letter 3733 is effective May 9, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director

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**Energy Division** 





J. Steve Rahon
Director
Tariffs & Regulatory Accounts

8330 Century Park Court CP32C San Diego, CA 92123-1548 Tel: 858.654.1773 Fax 858.654.1788 srahon@SempraUtilities.com

April 9, 2007

Advice No. 3733 (U 904 G)

Public Utilities Commission of the State of California

<u>Subject</u>: Further Extension of Blythe Operational Flow Requirement Memorandum Account

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to SoCalGas' Preliminary Statement, applicable throughout its service territory, as shown on Attachment B.

## <u>Purpose</u>

This filing revises Preliminary Statement Part VI, Description of Regulatory Accounts – Memorandum, Blythe Operational Flow Requirement Memorandum Account (BOFRMA). SoCalGas hereby requests that the Commission approve the further extension of the BOFRMA as described herein. The purpose of the BOFRMA is to record certain charges associated with SoCalGas' Gas Acquisition Department purchasing and delivering gas to sustain operational flows at Blythe.

#### **Background**

SoCalGas must receive certain minimum quantities of gas at Blythe<sup>1</sup> to ensure that adequate gas is available to maintain deliveries to customers connected to the southern portion of its system. SoCalGas' System Operator<sup>2</sup> determines these minimums based on its forecast of system needs. When shippers' anticipated deliveries of gas are not expected to meet the required Blythe minimum flow levels, SoCalGas' Gas Acquisition Department is called upon to purchase additional quantities of gas to provide the necessary support to the SoCalGas system. These deliveries are outside of the purchases Gas Acquisition would otherwise make to meet the supply needs of SoCalGas' Core procurement (Core) customers. Depending upon market conditions, these system support purchases by Gas Acquisition can result in significant additional procurement costs for SoCalGas' Core customers.

1

<sup>&</sup>lt;sup>1</sup> Blythe is the southernmost of the two SoCalGas points of interconnection with the El Paso Natural Gas Company (EPNG) pipeline.

<sup>&</sup>lt;sup>2</sup> The SoCalGas System Operator refers to the function performed by SoCalGas' Gas Operations Department.

As a result, on August 26, 2003, SoCalGas filed AL 3286 seeking authority to establish the BOFRMA to record charges SoCalGas' Gas Acquisition Department incurs for its deliveries above 355 MMcfd to sustain operational flows at Blythe. AL 3286 was approved by the Commission effective October 5, 2003.

AL 3286 only provided SoCalGas authority to record costs to the BOFRMA through August 31, 2006, coinciding with the expiration date of SoCalGas' transportation agreements with El Paso. Therefore, on July 31, 2006, SoCalGas filed Advice Letter 3648 which sought to extend the BOFRMA as a result of SoCalGas' new transportation agreements with El Paso which took effect September 1, 2006.<sup>3</sup>

AL 3648, which was approved effective August 30, 2006, approved a 12-month extension of the BOFRMA to provide time for the Commission to consider A.06-08-026, jointly filed by SoCalGas, SDGE, and Southern California Edison Company, which among other things proposes to shift the responsibility for a system minimum flow requirements to the system operator from Gas Acquisition and its core customers and elimination of the BOFRMA.

## <u>Issue</u>

As SoCalGas' Preliminary Statement is currently written, SoCalGas only has the ability to record costs to the BOFRMA through August 31, 2007. However, it does not appear that the Commission will be in a position to issue a decision regarding A.06-08-026 until after that date. Accordingly, SoCalGas requests a further extension of 12 months through August 2008 of the BOFRMA or until the Commission establishes a new procedure for supporting Blythe minimum flow requirements, whichever is earlier. Continuation of the BOFRMA on this interim basis will ensure that costs incurred by SoCalGas' core customers for its deliveries above 355 MMcfd to support the Blythe minimum flow requirements will continue to be tracked for further consideration by the Commission.

SoCalGas is authorized to represent that DRA supports this request to extend the BOFRMA for an additional year or until the Commission establishes a new procedure for supporting Blythe minimum flow requirements, such as those presented in A.06-08-026, whichever is earlier.

#### **Protest**

Anyone may protest this advice letter to the 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 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:

<sup>&</sup>lt;sup>3</sup> SoCalGas' new transportation agreements with EPNG were approved by the Commission in AL 3443.

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

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (<a href="mas@cpuc.ca.gov">mas@cpuc.ca.gov</a>) and Honesto Gatchalian (<a href="mailto:inj@cpuc.ca.gov">inj@cpuc.ca.gov</a>) of the Energy Division. A copy of the protest shall 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: <a href="mailto:snewsom@semprautilities.com">snewsom@semprautilities.com</a>

## **Effective Date**

SoCalGas believes that this filing is subject to Energy Division disposition and respectfully requests that this advice letter be approved on May 9, 2007, which is thirty (30) days after the date filed.

### **Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the parties in SoCalGas' GCIM Year 11 Application No. (A.) 05-06-030.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachment

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)				
Company name/CPUC Utility No. S	OUTHERN CALIFO	RNIA GAS COMPANY/ U 904 G		
Utility type:	Contact Person: <u>Sid Newsom</u>			
☐ ELC ☐ GAS	Phone #: (213) 244-2846_			
☐ PLC ☐ HEAT ☐ WATER	E-mail: snewsom@semprautilities.com			
EXPLANATION OF UTILITY T	EXPLANATION OF UTILITY TYPE (Date Filed/ Received Stamp by CPUC)			
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat	WATER = Water			
Advice Letter (AL) #:3733				
Subject of AL: Extension of Blythe Operational Flow Requirement Memorandum Account (BOFRMA)				
Keywords (choose from CPUC listing): <u>Memorandum Account, Natural Gas, Procurement</u>				
AL filing type:  Monthly  Quarterly  Annual  One-Time  Other				
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:				
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL				
Summarize differences between the	AL and the prior w	ithdrawn or rejected AL¹:		
Resolution Required?  Yes No				
Requested effective date: 5/06/07		No. of tariff sheets:3		
Estimated system annual revenue e				
Estimated system average rate effect				
į	<u></u>	L showing average rate effects on customer		
classes (residential, small commerci		e e		
Tariff schedules affected: Preliminary Statement Part VI, Table of Contents - General				
Service affected and changes proposed <sup>1</sup> : None - Extension of BOFRMA				
Pending advice letters that revise the same tariff sheets:None				
Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:				
CPUC, Energy Division	S	outhern California Gas Company		
Attention: Tariff Unit		ttention: Sid Newsom		
505 Van Ness Avenue		55 West Fifth Street, ML GT14D6		
San Francisco, CA 94102 jjr@cpuc.ca.gov and jnj@cpuc.ca.gov		os Angeles, CA 90013-4957 newsom@semprautilities.com		
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 $<sup>^{\</sup>mbox{\tiny 1}}$  Discuss in AL if more space is needed.

## **ATTACHMENT A**

Advice No. 3733

(See Attached Service Lists)

Aglet Consumer Alliance
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CPUC

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City of Colton Thomas K. Clarke 650 N. La Cadena Drive Colton, CA 92324

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Dept.

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CALIFORNIA PUBLIC UTILITIES COMMISSION LAURA J. TUDISCO ljt@cpuc.ca.gov

## ATTACHMENT B Advice No. 3733

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41830-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, BLYTHE OPERATIONAL FLOW REQUIREMENT MEMORANDUM ACCOUNT (BFORMA), Sheet 1	Revised 40912-G*
Revised 41831-G Revised 41832-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 41804-G Revised 41495-G

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# PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1 BLYTHE OPERATIONAL FLOW REQUIREMENT MEMORANDUM ACCOUNT (BFORMA)

The BOFRMA is an interest bearing memorandum account that is not recorded on the Utility's financial statements. The purpose of this account is to track certain costs associated with SoCalGas' Gas Acquisition Department's purchase and delivery of gas to sustain operational flows at Blythe.

The BOFRMA will be effective through the earlier of September 2008, or the date a new procedure for supporting Blythe minimum flow requirements is established by the Commission.

Utility shall maintain the BOFRMA by making entries at the end of each month as follows:

- a. The BOFRMA shall be charged for volumes in excess of the Core's commitment of 355 MMcfd for deliveries at Blythe at a rate equal to the applicable daily basin index price, defined as the Permian Basin Area Midpoint indices as referenced in *Gas Daily*, plus the full transportation rate (including fuel) on EPNG delivered into SoCalGas less the Southern California bidweek border price, defined as the simple average of two published indices reported in *Natural Gas Week* and *Natural Gas Intelligence*, consistent with SoCalGas' Gas Cost Incentive Mechanism (GCIM). The charges will be made only when the System Operator requires Gas Acquisition to purchase supplies to sustain the minimum flow requirements at Blythe. The minimum flow order request by the SoCalGas System Operator in excess of 355 MMcfd will be posted and recorded per Remedial Measure 16.
- b. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The disposition of the BOFRMA balance shall be determined in SoCalGas' Biennial Cost Allocation Proceeding (BCAP).

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3733
DECISION NO.

1H6

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} \qquad Apr \ 9, \ 2007 \end{array}$ 

EFFECTIVE May 9, 2007

Regulatory Affairs RESOLUTION NO.

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LOS ANGELES, CALIFORNIA CANCELING

## TABLE OF CONTENTS

The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

GENERAL	Cal. P.U.C. Sheet No.
Title Page	41831-G,41832-G,41416-G 40434-G 41799-G,41800-G,41803-G 40149.1-G 40149.1-G 41265-G,41157-G
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Part I General Service Information	2-G,24333-G,24334-G,24749-G
Part II Summary of Rates and Charges	
Part III Cost Allocation and Revenue Requirement 27024-G,37920	O-G,27026-G,27027-G,41361-G
Part IV Income Tax Component of Contributions and Advances	36614-G,24354-G
Part V Balancing Accounts  Description and Listing of Balancing Accounts  Purchased Gas Account (PGA)  Core Fixed Cost Account (CFCA)  Noncore Fixed Cost Account (NFCA)  Enhanced Oil Recovery Account (EORA)  Noncore Storage Balancing Account (NSBA)  California Alternate Rates for Energy Account (CAREA)  Brokerage Fee Account (BFA)  Hazardous Substance Cost Recovery Account (HSCRA)  Natural Gas Vehicle Account (NGVA)  El Paso Turned-Back Capacity Balancing Account (EPTCBA)  Gas Cost Rewards and Penalties Account (GCRPA)  Pension Balancing Account (PBA)	

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3733 DECISION NO.

ISSUED BY Lee Schavrien Senior Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) DATE FILED Apr 9, 2007 May 9, 2007 **EFFECTIVE** RESOLUTION NO.

## TABLE OF CONTENTS

(Continued)

## PRELIMINARY STATEMENT (Continued)

Part V Balancing Accounts (Continued)
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Conservation Expense Account (CEA)
Research Development and Demonstration Gas Surcharge Account (RDDGSA)
Demand Side Management Balancing Account (DSMBA)
Direct Assistance Program Balancing Account (DAPBA)
California Solar Initiative Balancing Account (CSIBA)
Part VI Memorandum Accounts
Description and Listing of Memorandum Accounts
PCB Expense Account (PCBEA)
Research Development and Demonstration Expense Account (RDDEA)
Curtailment Violation Penalty Account (CVPA)
Economic Practicality Shortfall Memorandum Account (EPSMA)
Catastrophic Event Memorandum Account (CEMA)
Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
Vernon Rate Savings Memorandum Account (VRSMA)
Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
Research Royalty Memorandum Account (RRMA)
NGV Research Development & Demonstration Memorandum Account (RDDNGV) 40903-G
Intervenor Award Memorandum Account (IAMA)
Z Factor Account (ZFA)
Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)
Gas Industry Restructuring Memorandum Account (GIRMA)
Self-Generation Program Memorandum Account (SGPMA)
Baseline Memorandum Account (BMA)
Blythe Operational Flow Requirement Memorandum Account (BOFRMA)
Cost of Service Revenue Requirement Memorandum Account (COSRRMA
FERC Settlement Proceeds Memorandum Account (FSPMA)
Interim Call Center Memorandum Account (ICCMA)
Late Payment Charge Memorandum Account (LPCMA)
San Diego Gas & Electric Storage Memorandum Account (SDGESMA)
Gain on Sale Memorandum Account (GOSMA)
Affiliate Transfer Fee Account (ATFA)
Firm Access Rights Memorandum Account (FARMA)

(Continued)

 $\begin{array}{ll} \text{(TO BE INSERTED BY UTILITY)} \\ \text{ADVICE LETTER NO.} & 3733 \\ \text{DECISION NO.} \end{array}$ 

2H5

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} & Apr \ 9, \ 2007 \\ \text{EFFECTIVE} & \underline{May \ 9, \ 2007} \end{array}$ 

RESOLUTION NO.

T