



Ken Deremer
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August 15, 2007

Mr. Sean Gallagher
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Withdrawal of SoCalGas Advice No. 3749

Dear Mr. Gallagher,

At the request of Blythe Energy, LLC, Southern California Gas Company hereby withdraws Advice No. 3749, filed June 1, 2007.

Sincerely,

Ken Deremer
Director – Tariffs & Regulatory Accounts



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June 1, 2007

Advice No. 3749
(U 904 G)

Public Utilities Commission of the State of California

Subject: Request for Service Deviation from Tariff Rule 13 Meters and Appliances to Serve Blythe Energy, LLC

Southern California Gas Company ("SoCalGas") hereby submits for filing with the California Public Utilities Commission ("Commission") a request for deviation from Tariff Rule No.13, Meters and Appliances in order to serve Blythe Energy, LLC ("Blythe Energy"), using an El Paso Natural Gas Company ("EPNG") meter located at Ehrenberg, Arizona.

Deviation Request

SoCalGas' Rule 13 requires that "All meters ... be the property of the Utility...." And the Utility shall "... install service lines and meters of adequate capacity to provide satisfactory service and to assure accurate meter registration." SoCalGas is hereby requesting a deviation from Rule 13 in order to accept for interim customer billing purposes the measurement data from an EPNG owned meter. The metering and piping infrastructures already installed and in operation by EPNG provide adequate capacity and accurate meter registration as required by this Rule.

Background

Blythe Energy has requested service from SoCalGas for a two-year period starting as soon as possible. Blythe Energy is a 520 MW electric generation facility located in Blythe, California. Though located in SoCalGas' service territory, Blythe Energy has never been a SoCalGas customer. Blythe Energy currently takes transportation service from EPNG through a dedicated meter located in Ehrenberg, Arizona. This meter measures the gas flowing into an EPNG pipeline that runs from Ehrenberg to the California/Arizona border, at which point the gas is delivered into the custody of the Blythe Energy owned pipeline running from the California/Arizona border to the generating facility. The Ehrenberg meter site meets AGA design specifications and is comparable to facilities operated by SoCalGas within its service territory. Moreover EPNG maintenance, operating, and billing procedures are reviewed periodically by SoCalGas as part of its larger Interconnect activities with EPNG, and are found to be acceptable and consistent with industry

standards and SoCalGas' basic requirements for custody transfer. SoCalGas will also include this meter apparatus on the routine calibration witnessing schedule it currently administers in conjunction with EPNG meters measuring interstate deliveries to SoCalGas, which are co-located at the Ehrenberg facility.

Blythe Energy has a peak demand of approximately 85 MDth/day, and an expected annual usage of approximately 10 MMDth based on the historic peak. Blythe Energy has requested service from SoCalGas to take advantage of the supply diversity and operating flexibility offered under SoCalGas' existing tariffs.

In order to meet Blythe Energy's request to start SoCalGas service as soon as possible, SoCalGas proposes the one-time approach of using Blythe Energy's existing facilities and interconnection with EPNG and the existing EPNG meter installed at Ehrenberg, Arizona to measure gas used and prepare the bill for Blythe Energy's SoCalGas services. This approach avoids the approximately \$1 million cost to build interconnect facilities and the many months it would take to plan, procure, and install the interconnect facilities and metering capability. Establishing the tele-communications between the existing EPNG/Blythe Energy electronic measurement and SoCalGas operations and billing does not involve any capital expense.

By minimizing the time needed to start-up service, SoCalGas maximizes the incremental transportation revenue received from this new customer which benefits all other SoCalGas ratepayers. To the extent SoCalGas' service helps increase Blythe Energy's generating availability and decreases its operating costs, greater electricity supply and lower generating costs benefit California electricity customers.

Administratively, the proposed service arrangement makes Blythe Energy appear like any other SoCalGas noncore customer. Blythe Energy's existing EPNG meter will be added to the Operator Balancing Agreement ("OBA") between EPNG and SoCalGas and the volumes counted as interstate deliveries into SoCalGas at Blythe via Ehrenberg.

SoCalGas expects this unique service arrangement to last just for the agreed to two-year contract term. To the extent Blythe Energy wishes to retain SoCalGas services beyond the initial contract term, SoCalGas will ensure that future service is accomplished through the traditional means of a SoCalGas meter served from the SoCalGas transmission system within our California service territory.

Hinshaw Exemption Compliance

The service provider/customer relationship between SoCalGas and Blythe Energy will not involve interstate commerce of natural gas. SoCalGas will not have piping or measurement facilities outside of California, and will not have custody of the natural gas being delivered to Blythe Energy at any time during the transportation activity. Blythe Energy will accept custody of the gas at the California/Arizona border where EPNG relinquishes custody.

Advice Letter Process Precedent

The Advice Letter process is the Commission's preferred method of requesting a tariff deviation, which SoCalGas does not pursue very often. In the past, the Energy Division has seen fit to approve Advice Letters for previous deviation requests when the requests are demonstrated to be in the best interest of all parties involved, anomalous in nature, and in keeping with the spirit of Commission-approved SoCalGas tariffs. The opportunity to provide service to Blythe Energy is one of those circumstances.

Conditions Precedent

Service to Blythe Energy is conditioned on the Commission's approval of this Advice Letter.

Blythe Energy Letter of Support

The following attachment is herein incorporated as part of this filing;

Attachment B – Blythe Energy Letter to Steve Rahon, Director, Tariffs and Regulatory Accounts for SoCalGas

This letter from Blythe Energy is provided in support of SoCalGas' request for Commission approval of the tariff deviation filed herein. In the letter Bryan J. Fennell, Vice President of Blythe Energy, acknowledges understanding of the requirement for and the impact of a deviation from Tariff Rule 13. Please note that this letter was written before Ken Deremer recently succeeded Steve Rahon as Director, Tariffs and Regulatory Accounts for SoCalGas.

Submission of Negotiated Transmission Service Contract

Ordering Paragraph 14 of Decision No. (D.) 88-03-085, dated March 23, 1988 and Resolution No. G-2959, dated July 24, 1991, requires that SoCalGas submit negotiated contracts with terms less than five years to the Energy Commission within five days after execution. In compliance with the above requirement SoCalGas is concurrently forwarding under separate cover a copy of the Master Services Contract and Schedule A of the two-year term negotiated contract with Blythe Energy.

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, 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 (jni@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

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 July 1, 2007 which is thirty (30) days after the date filed, or on such later date the Commission may direct by resolution.

Notice

A copy of this advice letter is being sent to all parties listed on Attachment A to this advice letter.

Ken Deremer
Director
Tariffs and Regulatory Accounts

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. **SOUTHERN CALIFORNIA GAS COMPANY/ U 904 G**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: snewsom@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3749

Subject of AL: Service Deviation from Rule 13 to Serve Blythe Energy

Keywords (choose from CPUC listing): Deviation, Metering, Natural Gas, Non-core, Rules

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 withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: July 1, 2007 No. of tariff sheets: 0

Estimated system annual revenue effect (%): 0

Estimated system average rate effect (%): 0

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed¹: Customer's gas service

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

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West Fifth Street, ML GT14D6

Los Angeles, CA 90013-4957

snewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3749

(See Attached Service List)

Aglet Consumer Alliance
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jweil@aglet.org

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Alcantar & Kahl
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ATTACHMENT B

Advice No. 3749

Blythe Energy Letter

Blythe Energy, LLC
700 Universe Blvd.
Juno Beach, FL 33408

March 1, 2007

J. Steve Rahon
Director, Tariff and Regulatory Accounts
Southern California Gas Company
8330 Century Park Ct.
San Diego, CA 92123

Subject: Request for Service Deviation from Tariff Rule 13, Meter Installation, to Serve Blythe Energy Project

Dear Mr. Rahon,


The purpose of this letter is to express our understanding of, and support for, Southern California Gas Company's ("SoCalGas") request for tariff deviation from the California Public Utilities Commission ("CPUC"). SoCalGas' filing is being made pursuant to Blythe Energy's request for temporary gas transportation service, using existing interconnection and measurement facilities. Blythe Energy needs service to commence as soon as possible, and we desire to avoid the time, expense and considerable inconvenience of constructing what would essentially be redundant metering facilities estimated to cost approximately \$1 Million. Instead, under this arrangement, SoCalGas estimates start-up costs of approximately \$20,000 borne by Blythe Energy for measurement-related telemetry equipment.

SoCalGas' transportation service provides an operating flexibility that is economically beneficial and a supply diversity opportunity that we greatly desire. If we must wait several months to design, procure, and install the SoCalGas interconnection, metering, and telemetry normally required for gas service, we may lose the benefit of that opportunity.

Blythe Energy understands that the preferred arrangement described requires authorization from the CPUC. Blythe Energy hereby supports SoCalGas' filing to obtain the necessary CPUC authorization that will allow SoCalGas to use the existing meters serving Blythe Energy. Blythe Energy, of course, will provide all reasonable support and assistance.

Thank you for your courtesy and cooperation.

Sincerely,


Bryan J. Fennell
Vice President
Blythe Energy