

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 9, 2008

Advice Letter 3863

Ken Deremer  
Director  
Tariffs & Regulatory Accounts  
8330 Century Park Court CP32C  
San Diego, CA 92123-1548

Subject: Further Extension of Blythe Operational Flow Requirement  
Memorandum Account

Dear Mr. Deremer:

Advice Letter 3863 is effective June 1, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director  
Energy Division



**Ken Deremer**  
Director  
Tariffs & Regulatory Accounts

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May 2, 2008

Advice No. 3863  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: 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.

**Purpose**

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 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 to ensure that adequate gas is available to maintain deliveries to customers connected to the southern portion of its system. SoCalGas' Gas Operations Department 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.

SoCalGas established the BOFRMA to record any charges SoCalGas' Gas Acquisition Department incurs to sustain operational flows at Blythe<sup>1</sup>. Since the BOFRMA only provided authority to record costs through August 31, 2006, SoCalGas subsequently obtained Commission approval for two consecutive 12-month extensions to record costs through August 31, 2008 in the BOFRMA.<sup>2</sup>

### **Issue**

Decision (D.) 07-12-019 approved, among other things, making the System Operator responsible for managing minimum flow requirements for system reliability and the establishment of the System Reliability Memorandum Account (SRMA) to record the costs for sustaining these minimum flow requirements. Implementation of all provisions of D.07-12-019 is a significant undertaking and SoCalGas estimated that full implementation would occur within 12–15 months from the date of the decision. Some portions of the decision could be implemented right away such as establishing the Noncore Storage Memorandum Account (NSMA),<sup>3</sup> while other provisions such as the core portfolio combination<sup>4</sup> took place somewhat later. The shifting of responsibility for system reliability from Gas Acquisition to the System Operator is more complicated and will require more time to implement. SoCalGas does not expect to implement this provision until the fourth quarter of 2008 at the earliest. As such, SoCalGas requests a further extension of the BOFRMA for 12 months through August 2009 or until the System Operator takes responsibility for system reliability, whichever is earlier. Continuation of the BOFRMA on this interim basis will ensure that costs incurred by SoCalGas' core customers for their deliveries above the 355 MMcfd to support the Blythe minimum flow requirements will continue to be tracked for further review and disposition by the Commission.

### **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 must be received within 20 days of the date 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:

CPUC Energy Division  
Attn.: 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 ([mas@cpuc.ca.gov](mailto:mas@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.

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<sup>1</sup> AL 3286 approved by the Commission and made effective on October 5, 2003.

<sup>2</sup> AL 3648 (effective August 31, 2006) and AL 3733 (effective August 31, 2007).

<sup>3</sup> Per AL 3812-A approved effective January 1, 2008, SoCalGas established the NSMA to track costs and revenues for the unbundled storage program.

<sup>4</sup> Per AL 3846, SoCalGas implemented the core portfolio combination rate revision effective April 1, 2008.

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 this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved on June 1, 2008, which is 30 calendar 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 13 Application No. (A.) 07-06-021 and Omnibus Proceeding A.06-08-026.

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KEN DEREMER  
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. **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) #: 3863

Subject of AL: Further Extension of BOFRMA

Keywords (choose from CPUC listing): Core, Procurement, Portfolio

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 No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 6/1/08

No. of tariff sheets: 3

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

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: Preliminary Statement, Part V, Blythe Operational Flow Requirement Memorandum Account, TOCs

Service affected and changes proposed<sup>1</sup>: N/A

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 Ave.**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West Fifth Street, GT14D6**

**Los Angeles, CA 90013-1011**

**snewsom@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 3863**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 3863

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 43410-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, BLYTHE OPERATIONAL FLOW REQUIREMENT MEMORANDUM ACCOUNT (BFORMA), Sheet 1	Revised 41830-G
Revised 43411-G Revised 43412-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 43299-G Revised 42901-G*

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

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 track costs related to system reliability at Blythe through the earlier of August 31, 2009, or the date that the System Operator becomes responsible for managing minimum flow requirements for system reliability on SoCalGas/SDG&E gas pipeline system.

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).

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N  
|  
N

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3863  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED May 2, 2008  
 EFFECTIVE Jun 1, 2008  
 RESOLUTION NO. \_\_\_\_\_

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 ..... 40864-G  
 Table of Contents--General and Preliminary Statement ..... 43411-G,43412-G,43180-G  
 Table of Contents--Service Area Maps and Descriptions ..... 41970-G  
 Table of Contents--Rate Schedules ..... 43297-G,43298-G,43261-G  
 Table of Contents--List of Cities and Communities Served ..... 40149.1-G  
 Table of Contents--List of Contracts and Deviations ..... 40149.1-G  
 Table of Contents--Rules ..... 42770-G,41996-G  
 Table of Contents--Sample Forms ..... 42354-G,42332-G,42490-G,43043-G,42503-G

PRELIMINARY STATEMENT

Part I General Service Information ..... 37917-G,24332-G,24333-G,24334-G,24749-G  
 Part II Summary of Rates and Charges ..... 43268-G,43269-G,43270-G,43271-G,43141-G,42631-G  
 43272-G,43045-G,43046-G,42420-G,43273-G,43274-G,42635-G,42636-G  
 Part III Cost Allocation and Revenue Requirement ..... 27024-G,37920-G,27026-G,27027-G,42637-G  
 Part IV Income Tax Component of Contributions and Advances ..... 43036-G,24354-G  
 Part V Balancing Accounts  
 Description and Listing of Balancing Accounts ..... 42240-G  
 Purchased Gas Account (PGA) ..... 42612-G  
 Core Fixed Cost Account (CFCA) ..... 41658-G  
 Noncore Fixed Cost Account (NFCA) ..... 41659-G  
 Enhanced Oil Recovery Account (EORA) ..... 40870-G  
 Noncore Storage Balancing Account (NSBA) ..... 40871-G  
 California Alternate Rates for Energy Account (CAREA) ..... 40872-G,40873-G  
 Brokerage Fee Account (BFA) ..... 40874-G  
 Hazardous Substance Cost Recovery Account (HSCRA) ..... 40875-G, 40876-G,40877-G  
 Natural Gas Vehicle Account (NGVA) ..... 40878-G,40879-G  
 El Paso Turned-Back Capacity Balancing Account (EPTCBA) ..... 40880-G  
 Gas Cost Rewards and Penalties Account (GCRPA) ..... 40881-G  
 Pension Balancing Account (PBA) ..... 40882-G,40883-G

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3863  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED May 2, 2008  
 EFFECTIVE Jun 1, 2008  
 RESOLUTION NO. \_\_\_\_\_

TABLE OF CONTENTS

(Continued)

PRELIMINARY STATEMENT (Continued)

Part V Balancing Accounts (Continued)

Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) 40884-G, 40885-G  
 Conservation Expense Account (CEA) ..... 40886-G,40887-G  
 Research Development and Demonstration Gas Surcharge Account (RDDGSA) ..... 40888-G  
 Demand Side Management Balancing Account (DSMBA) ..... 41152-G,41153-G  
 Direct Assistance Program Balancing Account (DAPBA) ..... 40890-G  
 California Solar Initiative Balancing Account (CSIBA) ..... 41104-G  
 Integrated Transmission Balancing Account (ITBA) ..... 42487-G

Part VI Memorandum Accounts

Description and Listing of Memorandum Accounts ..... 42898-G  
 PCB Expense Account (PCBEA) ..... 40893-G  
 Research Development and Demonstration Expense Account (RDDEA) ..... 40894-G  
 Curtailment Violation Penalty Account (CVPA) ..... 40895-G  
 Economic Practicality Shortfall Memorandum Account (EPSMA) ..... 40896-G  
 Catastrophic Event Memorandum Account (CEMA) ..... 40897-G,40898-G  
 Vernon Avoided Distribution Cost Memorandum Account (VADCMA) ..... 40899-G  
 Vernon Rate Savings Memorandum Account (VRSMA) ..... 40900-G  
 Vernon Negotiated Core Contract Memorandum Account (VNCCMA) ..... 40901-G  
 Research Royalty Memorandum Account (RRMA) ..... 40902-G  
 NGV Research Development & Demonstration Memorandum Account (RDDNGV) ..... 40903-G  
 Intervenor Award Memorandum Account (IAMA) ..... 40904-G  
 Z Factor Account (ZFA) ..... 40905-G  
 Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA) ..... 40906-G  
 Gas Industry Restructuring Memorandum Account (GIRMA) ..... 40907-G,40908-G,40909-G  
 Self-Generation Program Memorandum Account (SGPMA) ..... 41105-G  
 Baseline Memorandum Account (BMA) ..... 40911-G  
 Blythe Operational Flow Requirement Memorandum Account (BOFRMA) ..... 43410-G  
 Cost of Service Revenue Requirement Memorandum Account (COSRRMA) ..... 40913-G  
 FERC Settlement Proceeds Memorandum Account (FSPMA) ..... 40914-G  
 Interim Call Center Memorandum Account (ICCMA) ..... 40915-G  
 Late Payment Charge Memorandum Account (LPCMA) ..... 40916-G  
 San Diego Gas & Electric Storage Memorandum Account (SDGESMA) ..... 40917-G  
 Gain/Loss on Sale Memorandum Account (GLOSMA) ..... 42133-G  
 Affiliate Transfer Fee Account (ATFA) ..... 40919-G  
 Firm Access Rights Memorandum Account (FARMA) ..... 41493-G  
 Otoy Mesa System Reliability Memorandum Account (OMSRMA) ..... 42004-G  
 General Rate Case Revenue Requirements Memorandum Account (GRCRRMA) ..... 42721-G  
 Noncore Storage Memorandum Account (NSMA) ..... 42899-G

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3863  
 DECISION NO.

ISSUED BY

**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED May 2, 2008  
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