STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

September 29, 2009

Advice Letters 3976 and 3976-A

Ronald van der Leeden, Director
Rates, Revenues and Tariffs
8330 Century Park Court CP32C
San Diego, CA 92123-1548

Subject: Expedited Advice Letter Approval of Contracts to Provide Services to Maintain Southern System Reliability Pursuant to D.07-12-019 and Partial Supplement

Dear Mr. van der Leeden:

Advice Letters 3976 and 3976-A are effective September 10, 2009 per Resolution G-3435.

Sincerely,

Julie A. Fitch, Director
Energy Division

Southern California Gas Company
A Sempra Energy utility®

Ronald van der Leeden
Director
Rates, Revenues & Tariffs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.3201
rvanderleeden@semprautilities.com

March 26, 2009

Advice No. 3976
(U 904 G)

Public Utilities Commission of the State of California

Subject: Expedited Advice Letter Approval of Contracts to Provide Services to Maintain Southern System Reliability Pursuant to D.07-12-019

Southern California Gas Company (SoCalGas) respectfully requests California Public Utilities Commission (Commission) expedited approval of contracts with four parties to provide gas supply to support SoCalGas' minimum flow requirements on its Southern System. SoCalGas also requests approval of a capacity purchase from a fifth party that will also help support the Southern System.

Purpose

The purpose of this Expedited Advice Letter is to request expedited approval by the Commission of certain confidential contract(s) between SoCalGas and five other parties as provided in Attachment E.[1]

Background

On December 6, 2007, the Commission issued Decision (D.) 07-12-019 approving, in part, proposals by SoCalGas and San Diego Gas & Electric Company (SDG&E) to implement a range of provisions pertaining to the natural gas operations and service offerings of SoCalGas and SDG&E, related to core operations, unbundled storage, and expansion of storage capacities, among other things. One of the provisions adopted by D.07-12-019 was the transfer of the responsibility for managing minimum flow requirements for system reliability from SoCalGas' Gas Acquisition Department to the Utility System Operator.[2]

[1] SoCalGas is providing the actual contracts under confidentiality to the Commission staff, subject to the provisions of General Order 66-C and Section 583 of the California Public Utilities Code. SoCalGas believes that the terms of those contracts are outlined in sufficient detail in Attachment B for other parties to evaluate this Advice Letter.
[2] D.07-12-019, mimeo, at 112 (Ordering Paragraph No. 15). Although the Decision refers to "Gas Acquisition Department", the tariffs that were filed in that proceeding and later proceedings use the phrase "Utility Gas Procurement Department." Both terms refer to the same group.

D.07-12-019 further adopted SoCalGas' and SDG&E's request for the following Utility System Operator tools: 1) the ability of the Utility System Operator to buy and sell gas on a spot basis, as needed, to maintain system reliability; 2) authority to conduct a Request for Offers (RFO) or open season process consistent with the Utility System Operator needs; and 3) authority for an Expedited Advice Letter approval process for contracts that result from an RFO or open season process.[3]

Request for Offers

On December 1, 2008, SoCalGas posted an RFO on Envoy (SoCalGas' Electronic Bulletin Board) for proposals to assist in managing its minimum flow requirement on its Southern System delivery points, defined as either the El Paso SoCal Ehrenberg delivery point or the TGN Otay Mesa delivery point for system reliability.[4] SoCalGas' RFO sought proposals for quantities for a minimum 10,000 dth/day to a maximum 500,000 dth/day for a term of April 1, 2009 through March 31, 2010.

SoCalGas' RFO stated that service offerings may include: 1) gas exchange agreements whereby the Respondent would, when called upon by the Utility System Operator, deliver an amount of gas to SoCalGas' Southern System, in exchange for a like amount of gas delivered back to the Respondent at the SoCalGas Citygate for monthly baseload gas or for next-day gas; 2) gas delivery agreements whereby the Respondent would deliver a certain amount of Cycle 2, 3, or 4 gas for injection into SoCalGas storage when called upon by the Utility System Operator (prior to a specified time before a cycle's nomination deadline); stored gas may then be withdrawn at Respondent's discretion within a certain time period of no more than 30 days; 3) a peaking service whereby the Respondent would deliver a certain amount of Cycle 2, 3, or 4 gas for purchase by the Utility System Operator, into the Southern System when called upon by the Utility System Operator (prior to a specified time before a cycle's nomination deadline); and 4) other means of allowing the Utility System Operator to meet the minimum flow requirements of the Southern System.

RFO bids were initially due to SoCalGas on December 19, 2008, but SoCalGas extended the due date to January 9, 2009. SoCalGas received a total of 11 bids in response to the RFO. Ten respondents made offers to provide firm deliveries to Ehrenberg or Otay Mesa providing baseload deliveries and call deliveries as needed by the Utility System Operator, and one respondent offered firm El Paso transportation capacity. Each of the 11 bidding parties was notified on January 9, 2009 that they had been short-listed for negotiation.

Negotiation Process

Based on historical needs and the costs of the proposed offers, SoCalGas decided to focus on the baseload deliveries and daily call deliveries for the critical months in the summer (July-September) and winter (December-February) when the Southern System has been most in need of supplies to meet demand.

[3] D.07-12-019, mimeo, at 112 (Ordering Paragraph No. 16).
[4] The RFO is not a binding offer by SoCalGas and SoCalGas reserved the right to reject any or all offers submitted in response to this RFO.

A request for these specific services was issued to the ten Respondents who had previously offered gas delivery services, requesting offers in a standardized format to enable comparison. From the responses received, offers were selected to produce a low-cost portfolio of offers that should hopefully enable the Utility System Operator to meet the minimum flow requirements of the Southern System.

Description and Justification of Contracts

Typically, supplies have been low at the Southern System whenever the cost to purchase supplies there are high relative to other system receipt points. Although the Utility System Operator already has the ability to buy spot supply at Blythe whenever necessary to support this system reliability requirement, certain parties expressed concern in the application proceeding (A.06-08-026) that led to D.07-12-019, that purchasing 300-600 MMcfd of supplies on an unpredictable basis could potentially distort gas markets. In addition, there is a danger of curtailments with a strategy that relies entirely on spot market purchases—the gas may not be available at any price if the need for additional supply was realized too late and SoCalGas is trying to secure large quantities of gas in the spot market, especially in later nomination cycles. Furthermore, under D.07-12-019, any spot purchases and the resale of that gas would be subject to after-the-fact reasonableness reviews.[5] Therefore, SoCalGas requests Commission approval of the pre-arranged contracts presented herein to support the Southern System minimum flowing supply requirement.

SoCalGas expects the annual cost (April 2009-March 2010) of utilizing these contracts to be less than $9.6 million, consisting of the following contractual components:

- 280 Mdth/d of baseload delivery commitment from July-September and December-February from Party A. (“Delivery Service” means a transaction in which the supplier delivers a quantity of gas onto the SoCalGas system at a specified delivery point for its own account. This party possesses firm access rights. “Baseload” means a delivery of quantity every day of the contract period.)
- 20 Mdth/d of baseloaded exchange supply commitment (supply to Ehrenberg and redelivery of equal amount at SoCalGas Citygate) during the July-September period from Party C.
- 120 Mdth/d of base-loaded exchange supply commitment (supply to Ehrenberg and redelivery of equal amount at SoCalGas Citygate) during the December-February period from Parties B & C. (“Exchange Service” is a two-part transaction in which (a) SoCalGas receives a quantity of gas from the supplier at a specified delivery point, and (b) contemporaneously delivers an equivalent quantity of gas to the supplier at a specified different delivery point. Exchange parties do not already possess firm access rights)[6]
- The reservation fees associated with all base-load supplies equals $8.629 million.[7]

---

[5] D.07-12-019, mimeo, at 112-113 (Ordering Paragraph No. 17).
[6] The System Operator intends to hold 20 Mdth/d of firm El Paso receipt point capacity at Blythe during the summer and 120 Mdth/d of firm El Paso receipt point capacity at Blythe during the winter in order to ensure there is space for baseloading these exchanges. The System Operator will not charge itself the 5 cent/dth FAR charge for these reservations. Currently, there is unsold Blythe capacity in excess of these amounts.
[7] See Attachment D.

- Another 125-150 Mdth/d[8] of swing, exchange supplies that will be on call on a day-ahead basis that is expected to cost less than $1 million annually from parties A, C, and D.[9]

The basic terms associated with each of these contracts are provided in Attachment B to this Advice Letter.[10] These contracts would result in the minimum flowing supplies at Blythe identified in Table 1 over the April 1, 2009 through March 31, 2010 term:

Table 1: Mdth/d Minimum Supplies at Blythe

Months	*Baseload*	*Line 6916* [11]	*Swing*	*Total*	*Spot*
July-Sept	300	0	150	450[12]	0 expected
Dec-Feb	400	80	125	605[13]	0 expected
Other	0	0	0	0	?

Attachments B (accepted offers) and C (rejected offers) show the base-load and day-ahead swing supply offers made to SoCalGas. Of the original 11 RFO bids received by SoCalGas, four parties presented packages that appeared to provide the lowest-cost means of addressing the Southern System minimum flowing supply requirement from April 2009-March 2010. All of the rejected baseload offers had higher reservation fees than accepted offers, and all of the rejected daily-call arrangements had relatively high reservation fees. SoCalGas selected the lowest-cost offers that met its requirements as described in Table 1. SoCalGas only accepted the winter baseload offer of Party B, for example, because it considered the prices offered by Party B for Quarter 3 baseload and swing supply to be too expensive. SoCalGas accepted only the summer swing supply offer of Party D, for example, because it considered the prices Party D offered for winter swing and baseload supply to be too expensive.

These arrangements are reasonable given the incremental historical costs incurred by the Gas Acquisition Department to provide flowing supply support at Blythe, presented in Table 2, and given the fact that core customers will no longer be required to deliver 355 MMcfd/d at Blythe.

Table 2: History of GA Support at Blythe[14]

Year	Event days	Request > 355 MMcf	BOFRMA $000s	$/mcf
2006	7	795	$1,340	$1.69
2007	9	4049 [15]	$3,115	$0.77
2008	17	3391	$5,618	$1.66
3-yr Average	11	2745	$3,358	$1.22

[8] 150 Mdth/d is the summer maximum; the winter maximum is 125 Mdth/d.
[9] By definition, there will be excess, unused space on Blythe whenever daily swing options are exercised.
[10] For most of the supply contracts presented in Attachment B, the supplier has agreed to keep the terms of the transaction firm for sixty days after the filing of SoCalGas' Expedited Advice Letter. The Supplier has the right to withdraw from the offer after sixty days. Party B can withdraw from its offer in early April.
[11] SoCalGas purchased and is spending over $11 million to recondition a section of the 16" oil pipeline previously owned by Questar so that it can redeliver North Desert supply to the Southern System near Cabazon. The line has a projected free-flow capacity of 80 Mdth/d and is expected to be in service by December 2009.
[12] This is near the maximum level of supply support that SoCalGas has seen requested during these months.
[13] This is near the maximum level of supply support that SoCalGas has seen requested during these months.
[14] A.08-02-001, SoCalGas Response to SCGC Data Request 2, Question 8.
[15] Envoy 4th cycle Blythe minimum postings used for 2007 calls to SoCalGas Gas Acquisition Department.

The Blythe Operational Flow Requirement Memorandum Account (BOFRMA) reflects only the incremental cost, relative to the SoCal bid-week border price, of purchases exceeding the Gas Acquisition Department's commitment of 355 MMcfd for deliveries at Blythe.[16] The cost of the swing supplies under the contracts submitted for approval herein will be well below this amount.

The $6.2 million increase in annual cost from the $3.4 million level to the $9.6 million level estimated for these contracts is explained primarily by the new cost of maintaining 355 MMcfd, the average minimum flow requirement at Blythe, throughout the critical periods. The Gas Acquisition Department no longer has an obligation to flow this amount to Blythe. Parties bidding on this baseload requirement estimated their opportunity cost to be 12-14 cents/dth—the expected annual difference between the price of gas in the Phoenix area (El Paso Southern (EPS) Mainline Index) and the SoCalGas (SCG) border price. This observation was consistent with the System Operator Hub's sampling of gas brokers and historical data on the price differential.

Table 3: Price History (2006-2008)
Calendar Months, not contiguous

	EPS Mainline – SCG border $/dth Average	EPS Mainline –SCG border $/dth Max
July-Sept	$0.16	$0.90
Dec-Feb	$0.12	$0.71
All other months	$0.09	$0.63

As the price of gas at EPS Mainline rises relative to the SoCal border price, more and more noncore supply previously scheduled into the Southern System will be diverted to that higher-value market.[17] SoCalGas expects Southern System supplies to frequently drop to 300 MMcfd or lower whenever such high price differentials appear this year as the Gas Acquisition Department responds to price opportunities in the same ways as other shippers[18]

SoCalGas estimates this baseload level of support is only required in the July-September and December-February periods because:

- The Gas Acquisition Department has been called on to flow more supply during July 2006 and the December/January periods. Market conditions in August/September can be very similar to those in July. And market conditions in February can be similar to those in December and January.
- These are periods where the east-of-California demands on El Paso are high due to either electric generation load or cold temperatures in Phoenix.
- These are the six months with historically high price differentials.

[16] The BOFRMA was established to track certain costs associated with SoCalGas' Gas Acquisition Department's purchase and delivery of gas to sustain operational flows at Blythe. Pursuant to D.07-12-019 future, system reliability costs incurred by the System Operator will be recorded in the SRMA.

[17] Noncore deliveries at Blythe since 2006 can be roughly explained by the following regression: 300 MMcfd – 700 times the ($/dth EPS-SoCal border price delta). Whenever this price delta reached $0.40-$0.50 per dth, noncore deliveries at Blythe dropped to near zero levels.

[18] In the past, there was no opportunity for the Gas Acquisition Department to divert supplies to these markets since the System Operator could count on 355 MMcfd of supply at Blythe at no cost to the operator. There was, however, an "opportunity cost" to core customers of always supplying 355 MMcfd to Blythe.

- These are the months with the highest system demand and, therefore, the highest minimum flowing supply requirements.

Obviously, there is the possibility of a shortfall of Blythe supplies in one of the other "shoulder months." The cost of baseloading supply throughout the year, however, seems prohibitively high because it would cost another $8 million or more. Instead, SoCalGas will, if necessary, buy spot supplies during these shoulder months and sell at the SoCalGas Citygate as soon as a buyer(s) can be found. SoCalGas estimates that the contracts in this Advice Letter will deal with 95% of the Blythe support need and therefore hopes such spot purchases will be minimal.[19]

The swing supply contracts are exchange contracts. Supply delivered at Blythe will be exchanged for supplies at the SoCalGas Citygate. Generally, there is zero reservation charge attached to these contracts.[20] All of the swing supply contracts have a variable charge equal to the El Paso South Mainline price minus the SoCalGas border price plus a fixed premium. These supplies will be dispatched in order of the lowest to highest premium.

SoCalGas estimates it will, on average, call upon about 70 Mdth/d of swing supplies for about 27 days, or less than 2 MMdth per year. This estimate is based on several factors. First, the Gas Acquisition Department will begin to behave like other customers with respect to Blythe deliveries.[21] SoCalGas expects the number of event days requiring swing volumes to increase somewhat as a result. Second, swing volumes requested on those days (primarily winter days) will decrease relative to the past because of (1) the strategy of higher baseloaded Blythe supplies in the winter vs. the summer and (2) the addition of 80 MMcfd of Northern supplies being delivered through Line 6916 (the former Questar line after reconditioning) to the Southern System near Cabazon.

Based on history, SoCalGas assumes a 40 cents/dth cost for swing supply, which, when multiplied by a volume of less than 2 MMdth, translates to less than $1 million per year of expense.[22] This 40 cents/dth is considerably below the $/dth cost of swing supplies recorded in the BOFRMA account. Although the accepted swing supplies appear very cost effective, SoCalGas found through the RFO process that the volume of swing supplies available with zero reservation charges and modest premiums was limited.[23]

SoCalGas believes the contracts presented in Attachment E for approval provide the most viable combination of services to meet its need to maintain system reliability on the Southern System at a low overall cost for ratepayers. If SoCalGas were to rely entirely on spot gas

---

[19] Assuming April 2007-March 2008 minimums, price data, and core nominations mimicking noncore nominations at Blythe, SoCalGas estimates that 20 MMdth of spot purchases would have been necessary to support Blythe. Had the contracts in this Advice Letter been in place, however, spot purchases would have dropped to 600 Mdth in the shoulder months. Therefore, the contracts in this filing would have met over 95% of the need at Blythe over that period.
[20] One small swing contract has a 1 cent/dth/d reservation fee costing $36,000.
[21] Note that because the Gas Acquisition Department is one of the participants in the RFO conducted by the Utility System Operator, the Gas Acquisition Department has not been consulted regarding the content of this advice filing, or allowed to view an advance copy of the filing. Accordingly, any statements in this advice letter regarding potential future conduct by the Gas Acquisition Department are the view of the Utility System Operator.
[22] Historically, the EPS Mainline– SCG border differential has been about 30 cents/dth whenever the Utility Gas Procurement Department was called upon to bring more supply in at Blythe. The swing supply contracts charge a modest premium over that differential.
[23] Two parties, A and C, provided zero reservation charge and modest volumetric premium swing offers as part of the overall commitment for corresponding reservation charge, base-load commitments.

purchases, as it is currently authorized to do, SoCalGas would likely be paying greater premiums than the swing contracts described above because there would be no time for negotiation.[24] SoCalGas would incur additional carrying and discount cost to store the gas and resell it at a later date. More important, these costs would be incurred for the entire minimum flowing supply requirement volumes on those days. Even supply already being delivered to Blythe would likely require this higher premium because "incremental" suppliers would attempt to simply redeliver this supply to meet their commitments. In other words, without baseload and swing contract commitments, SoCalGas would also be chasing the supplies already being delivered.[25] It is unwise to force the System Operator to purchase all of its gas requirements on the spot market. A spot-market-only strategy would be significantly less reliable and could lead to exorbitant prices at times. Such a strategy could also lead to impacts on the market whenever last-minute spot purchases were made. A portfolio approach will properly balance the market risks.

Cost Analysis

As explained in D.07-12-019, SoCalGas suggested that potential additional system operator tools to maintain reliable gas service be compared with the cost to install physical facilities to alleviate the need for minimum flowing supplies."[26] SoCalGas has identified as an alternative to a Southern System flowing supply requirement the construction of a new pipeline linking the North Desert transmission system and the Southern System. This pipeline, consisting of approximately 100 miles of 36-inch diameter pipeline, is estimated to cost in excess of $300 million. The first year cost-of-service of this pipeline would be $48 million and the 50-year levelized cost would be $33 million per year. Obviously, the $9.6 million cost associated with the contracts presented herein is well below the cost of the referenced infrastructure solution. Also, the potential infrastructure solution would require years of lead time before it would be effective.

Capacity Purchase

In addition to the supply contracts with the four parties discussed above, SoCalGas is also submitting a proposed annual contract for up to 50,000 dth/day of alternate firm North/South capacity on the El Paso system with an annual reservation charge of $937,170—see Attachment E. This capacity would allow redelivery on an alternate firm basis of supplies at the SoCalGas Topock receipt point to Blythe at the cost of fuel and small variable charges.[27] SoCalGas views this contract as an insurance policy that would allow it to deal with the following: (1) small, unexpected shortfalls of Southern System supplies during shoulder months, (2) cycle-one calls for supplemental supplies above and beyond those identified in Table 1, and (3) calls for supplies on an intraday (post cycle one) basis.[28] This contract would also allow the Utility System Operator the opportunity to purchase supplies in the basin and deliver those supplies to Blythe at a price below the spot price at Blythe. Purchasing supplies in the basin allows access to more abundant supply options. Transportation costs for utilizing the contract to move supplies from a supply basin would be

---

[24] Supplies purchased in cycles 2 or 3 usually carry large premiums in the marketplace.

[25] SoCalGas estimates 20 MMdth of gas would need to be purchased on about 40 days in the spot market, stored, and resold, probably at a discount, at a later date.

[26] D.07-12-019, mimeo, at 61.

[27] There would also be a volumetric authorized overrun charge of 10.5 cents/dth for volumes greater than 25,000 dth/d during the April-October period.

[28] The exercise of the swing contracts identified in Table 1 require the Operator to make nominations using those contracts before, not after, Cycle 1.

at El Paso's maximum CA FT-1 rate. Without the contract, accessing supplies in the basin would require the use of interruptible transportation service, which could be significantly more expensive because the interruptible transportation costs from the basin to the CA border would not be at the maximum El Paso CA FT-1 rate, but rather could be up to 250% of that maximum rate. In addition, these deliveries under the contract have a higher priority on the El Paso system and would therefore be more reliable than interruptible spot market purchases and deliveries. SoCalGas may be able to defray some of the cost of this capacity by selling it on days when it obviously will not be needed—days in which Southern System supplies significantly exceed the minimum flowing supply requirement, and there is a market for the capacity.

Whenever the Utility System Operator implements this contract for the purposes of moving supplies from Topock to Blythe, it will make an "off-system" nomination at Topock so that Topock supplies can be simultaneously redelivered into SoCalGas system at Blythe.[29] This "off-system" nomination would be atypical because it would be offset by an incremental on-system nomination. Also, this procedure will only be used when needed to support the Southern System supply minimum. Another benefit of this capacity is that it could be used to deliver Blythe supplies through El Paso into the North Baja system for redelivery back to SoCalGas at Otay Mesa which, in turn, would enhance the capacity and reliability of the SDG&E system.[30]

Protest: Ten-Day Expedited Period

Anyone may protest this Expedited 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 ten days of the date this Expedited 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) 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
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011

---

[29] Even though such a transaction would therefore be different than a typical off-system delivery that does not require a simultaneous on-system delivery, SoCalGas' tariffs currently permit off-system deliveries only to the Pacific Gas & Electric Company (PG&E) system. SoCalGas is currently requesting authority to deliver gas off-system to points other than to PG&E in A.08-06-006. SoCalGas requests that the Commission grant it interim authority to engage in the limited off-system transactions noted above while the broader authority to deliver gas off-system to points other than PG&E is pending.

[30] See A.06-10-034, SDG&E and SoCalGas Application for Authorization to Support Reliable Deliveries at Otay Mesa.

Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas believes this Expedited Advice Letter 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 Expedited Advice Letter be approved on April 16, 2009, which is 21 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 parties in A.06-08-026, the Omnibus proceeding.

____

RONALD VAN DER LEEDEN
Director
Rates, Revenues and Tariffs

Attachments

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 9O4G)**

Utility type:	Contact Person: Sid Newsom
☐ ELC ☒ GAS	Phone #: (213) 244-2846
☐ PLC ☐ HEAT ☐ WATER	E-mail: SNewsom@semprautilities.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: 3976

Subject of AL: Expedited Advice Letter Approval of Contracts to Provide Services to Maintain Southern System Reliability Pursuant to D07-12-019

Keywords (choose from CPUC listing): Contracts; Reliability

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☒ Other Periodic

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D07-12-019

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[1]: N/A

Does AL request confidential treatment? If so, provide explanation: Yes. The contracts contain customer-specific information.

Resolution Required? ☐ Yes ☒ No Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 4/16/09 No. of tariff sheets: 0

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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 proposed[1]: 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	Southern California Gas Company
Attention: Tariff Unit	**Attention: Sid Newsom**
505 Van Ness Ave.,	**555 West 5th Street, GT14D6**
San Francisco, CA 94102	**Los Angeles, CA 90013-1011**
mas@cpuc.ca.gov and jnj@cpuc.ca.gov	**SNewsom@semprautilities.com**

[1] Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3976

(See Attached Service Lists)

Aglet Consumer Alliance
James Weil
jweil@aglet.org

Alcantar & Kahl
Kari Harteloo
klc@a-klaw.com

Alcantar & Kahl
Seema Srinivasan
sls@a-klaw.com

Alcantar & Kahl LLP
Annie Stange
sas@a-klaw.com

Alcantar & Kahl, LLP
Mike Cade
wmc@a-klaw.com

BP Amoco, Reg. Affairs
Marianne Jones
501 West Lake Park Blvd.
Houston, TX 77079

Barkovich & Yap
Catherine E. Yap
ceyap@earthlink.net

Beta Consulting
John Burkholder
burkee@cts.com

CPUC
Consumer Affairs Branch
505 Van Ness Ave., #2003
San Francisco, CA 94102

CPUC
Energy Rate Design & Econ.
505 Van Ness Ave., Rm. 4002
San Francisco, CA 94102

CPUC
Pearlie Sabino
pzs@cpuc.ca.gov

CPUC - DRA
Galen Dunham
gsd@cpuc.ca.gov

CPUC - DRA
Jacqueline Greig
jnm@cpuc.ca.gov

CPUC - DRA
R. Mark Pocta
rmp@cpuc.ca.gov

California Energy Market
Lulu Weinzimer
luluw@newsdata.com

Calpine Corp
Avis Clark
aclark@calpine.com

City of Anaheim
Ben Nakayama
Public Utilities Dept.
P. O. Box 3222
Anaheim, CA 92803

City of Azusa
Light & Power Dept.
215 E. Foothill Blvd.
Azusa, CA 91702

City of Banning
Paul Toor
P. O. Box 998
Banning, CA 92220

City of Burbank
Fred Fletcher/Ronald Davis
164 West Magnolia Blvd., Box 631
Burbank, CA 91503-0631

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

City of Long Beach, Gas & Oil Dept.
Chris Garner
2400 East Spring Street
Long Beach, CA 90806

City of Los Angeles
City Attorney
200 North Main Street, 800
Los Angeles, CA 90012

City of Pasadena - Water and Power Dept.
G Bawa
GBawa@cityofpasadena.net

City of Riverside
Joanne Snowden
jsnowden@riversideca.gov

City of Vernon
Dan Bergmann
dan@igservice.com

Commerce Energy
Blake Lazusso
blasuzzo@commerceenergy.com

Commerce Energy
Brian Patrick
BPatrick@commerceenergy.com

Commerce Energy
Catherine Sullivan
csullivan@commerceenergy.com

County of Los Angeles
Stephen Crouch
1100 N. Eastern Ave., Room 300
Los Angeles, CA 90063

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

Culver City Utilities
Heustace Lewis
Heustace.Lewis@culvercity.org

DGS
Henry Nanjo
Henry.Nanjo@dgs.ca.gov

Davis Wright Tremaine, LLP
Edward W. O'Neill
505 Montgomery Street, Ste 800
San Francisco, CA 94111

Davis, Wright, Tremaine
Judy Pau
judypau@dwt.com

Dept. of General Services
Celia Torres
celia.torres@dgs.ca.gov

Douglass & Liddell
Dan Douglass
douglass@energyattorney.com

Douglass & Liddell
Donald C. Liddell
liddell@energyattorney.com

Downey, Brand, Seymour & Rohwer
Dan Carroll
dcarroll@downeybrand.com

Dynegy
Joseph M. Paul
jmpa@dynegy.com

Gas Transmission Northwest Corporation
Bevin Hong
Bevin_Hong@transcanada.com

General Services Administration
Facilities Management (9PM-FT)
450 Golden Gate Ave.
San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie & Day, LLP
J. H. Patrick
hpatrick@gmssr.com

Goodin, MacBride, Squeri, Ritchie & Day, LLP
James D. Squeri
jsqueri@gmssr.com

Hanna & Morton
Norman A. Pedersen, Esq.
npedersen@hanmor.com

Imperial Irrigation District
K. S. Noller
P. O. Box 937
Imperial, CA 92251

JBS Energy
Jeff Nahigian
jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro
2 Embarcaero Center, 5th Floor
San Francisco, CA 94111

Kern River Gas Transmission Company
Janie Nielsen
Janie.Nielsen@KernRiverGas.com

LA County Metro
Julie Close
closeJ@metro.net

LADWP
Nevenka Ubavich
nevenka.ubavich@ladwp.com

LADWP
Randy Howard
P. O. Box 51111, Rm. 1522
Los Angeles, CA 90051-0100

Law Offices of Diane I. Fellman
Diane Fellman
diane_fellman@fpl.com

Law Offices of William H. Booth
William Booth
wbooth@booth-law.com

Luce, Forward, Hamilton & Scripps
John Leslie
jleslie@luce.com

MRW & Associates
Robert Weisenmiller
mrw@mrwassoc.com

Manatt Phelps Phillips
Randy Keen
rkeen@manatt.com

Manatt, Phelps & Phillips, LLP
David Huard
dhuard@manatt.com

March Joint Powers Authority
Lori Stone
23555 Meyer Drive,
March Air Reserve Base, CA 92518-2038

Matthew Brady & Associates
Matthew Brady
matt@bradylawus.com

Julie Morris
Julie.Morris@PPMEnergy.com

National Utility Service, Inc.
Jim Boyle
One Maynard Drive, P. O. Box 712
Park Ridge, NJ 07656-0712

Navigant Consulting, Inc.
Ray Welch
ray.welch@navigantconsulting.com

PG&E Tariffs
Pacific Gas and Electric
PGETariffs@pge.com

Praxair Inc
Rick Noger
rick_noger@praxair.com

Questar Southern Trails
Lenard Wright
Lenard.Wright@Questar.com

R. W. Beck, Inc.
Catherine Elder
celder@rwbeck.com

Regulatory & Cogen Services, Inc.
Donald W. Schoenbeck
900 Washington Street, #780
Vancouver, WA 98660

Richard Hairston & Co.
Richard Hairston
hairstonco@aol.com

Safeway, Inc
Cathy Ikeuchi
cathy.ikeuchi@safeway.com

Sempra Global
William Tobin
wtobin@sempraglobal.com

Sierra Pacific Company
Christopher A. Hilen
chilen@sppc.com

Southern California Edison Co
Fileroom Supervisor
2244 Walnut Grove Ave., Rm 290, GO1
Rosemead, CA 91770

Southern California Edison Co
Karyn Gansecki
601 Van Ness Ave., #2040
San Francisco, CA 94102

Southern California Edison Co.
Colin E. Cushnie
Colin.Cushnie@SCE.com

Southern California Edison Co.
Kevin Cini
Kevin.Cini@SCE.com

Southern California Edison Co.
John Quinlan
john.quinlan@sce.com

Southern California Edison Company
Michael Alexander
Michael.Alexander@sce.com

Southwest Gas Corp.
John Hester
P. O. Box 98510
Las Vegas, NV 89193-8510

Suburban Water System
Bob Kelly
1211 E. Center Court Drive
Covina, CA 91724

Sutherland, Asbill & Brennan
Keith McCrea
kmccrea@sablaw.com

TURN
Marcel Hawiger
marcel@turn.org

TURN
Mike Florio
mflorio@turn.org

The Mehle Law Firm PLLC
Colette B. Mehle
cmehle@mehlelaw.com

Western Manufactured Housing Communities Assoc.
Sheila Day
sheila@wma.org

SOUTHWEST GAS CORPORATION
FRANCISCO V. AGUILAR
francisco.aguilar@swgas.com

GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
JEANNE B. ARMSTRONG
jarmstrong@gmssr.com

CALIF PUBLIC UTILITIES COMMISSION
Joyce Alfton
alf@cpuc.ca.gov

BAKER, BURTON & LUNDY
BRAD N. BAKER
brad@bblsurflaw.com

CROSSBORDER ENERGY
R. THOMAS BEACH
tomb@crossborderenergy.com

SOUTHWEST GAS CORPORATION
KEITH A. BROWN
keith.brown@swgas.com

BETA CONSULTING
JOHN BURKHOLDER
burkee@cts.com

THE UTILITY REFORM NETWORK (TURN)
MICHEL P. FLORIO
mflorio@turn.org

THE UTILITY REFORM NETWORK
MARCEL HAWIGER
marcel@turn.org

MANATT, PHELPS & PHILLIPS, LLP
DAVID L. HUARD
dhuard@manatt.com

ALCANTAR & KAHL, LLP
EVELYN KAHL
ek@a-klaw.com

DOUGLASS & LIDDELL
GREGORY KLATT
klatt@energyattorney.com

DOUGLASS & LIDDELL
GREGORY S. G. KLATT
klatt@energyattorney.com

ENGSTROM LIPSCOMB & LACK
WALTER J. LACK
wlack@elllaw.com

LUCE, FORWARD, HAMILTON & SCRIPPS
JOHN LESLIE
jleslie@luce.com

CALIF PUBLIC UTILITIES COMMISSION
Diana L. Lee
dil@cpuc.ca.gov

SUTHERLAND, ASBILL & BRENNAN
KEITH MCCREA
keith.mccrea@sablaw.com

PACIFIC GAS AND ELECTRIC CO.
ROBERT B. MCLENNAN
rbm4@pge.com

LAW OFFICES OF M. BRIAN MCMAHON
M. BRIAN MCMAHON
626 WILSHIRE BLVD STE 900
LOS ANGELES, CA 90017-3209

CORAL ENERGY RESOURCES, LP
MARCIE MILNER
marcie.milner@shell.com

CALIF PUBLIC UTILITIES COMMISSION
Ed Moldavsky
edm@cpuc.ca.gov

SEMPRA GLOBAL
STEVEN C. NELSON
snelson@sempra.com

DAVIS WRIGHT TREMAINE, LLP
EDWARD W. O'NEILL
edwardoneill@dwt.com

HANNA & MORTON
NORMAN A. PEDERSEN
npedersen@hanmor.com

SOUTHERN CALIFORNIA EDISON COMPANY
DOUGLAS PORTER
douglas.porter@sce.com

CALIF PUBLIC UTILITIES COMMISSION
Marion Peleo
map@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Robert M. Pocta
rmp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Thomas R. Pulsifer
trp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Ramesh Ramchandani
rxr@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Pearlie Sabino
pzs@cpuc.ca.gov

SAN DIEGO GAS & ELECTRIC CO./SOCAL GAS
MICHAEL THORP
mthorp@sempra.com

SEMPRA GLOBAL
BILL TOBIN
wtobin@sempraglobal.com

ELLISON, SCHNEIDER & HARRIS, LLP
GREGGORY L. WHEATLAND
glw@eslawfirm.com

ADVICE NO. 3976

ATTACHMENT B: Accepted Southern System RFO Responses

Company	Receipt Point	Type of Service		Term	Dth/day	Fixed Reservation Fee	Variable Fee
Party A	Ehrenberg	delivery	baseload	Q3	280000 {1}	$0.14	$0.00
	Ehrenberg	delivery	baseload	Dec-Feb	280000 {1}	$0.14	$0.00
	Ehrenberg	exchange	daily call	Q3	75,000	$0.00	higher of (EPSoML-soc,0) + .10
	Ehrenberg	exchange	daily call	Dec-Feb	100,000	$0.00	higher of (EPSoML-soc,0) + .10
Party B	Ehrenberg	exchange	baseload	Dec-Feb	100,000	$0.12	$0.00
Party C	Ehrenberg	exchange	baseload	Q3	20,000	$0.114	$0.000
	Ehrenberg	exchange	baseload	Dec-Feb	20,000	$0.114	$0.000
	Ehrenberg	exchange	daily call	Q3	5,000	$0.00	higher of (EPSoML-soc,0) + .01
	Ehrenberg	exchange	daily call	Q3	20,000	$0.01	higher of (EPSoML-soc,0) + .10
Party D	Ehrenberg	exchange	daily call	Q3	50,000	$0.00	higher of (EPSoML-soc,0) + .04

{1} Option to accept between 270,000 and 300,000

ADVICE NO. 3976

ATTACHMENT C: Other Southern System RFO Responses that were Not Accepted

Company		Type of Service		Term	Dth/day	Fixed Reservation Fee	Variable Fee
Party B	Ehrenberg	exchange	baseload	Q3	100,000	$0.20	$0.00
	Ehrenberg	exchange	daily call	Q3	100,000	$0.05	tbd
	Ehrenberg	exchange	daily call	Dec-Feb	100,000	$0.05	tbd
Party D	Ehrenberg	exchange	baseload	Q3	50,000	$0.18	$0.00
	Ehrenberg	gas sale	baseload	Dec-Feb	20,000	$0.50	IFERC WahaHub+fuel+comm
	Ehrenberg	gas sale	daily call	Dec-Feb	20,000	$0.05	GD WahaHub+fuel+comm+$.50
	Ehrenberg	exchange	daily call	Dec-Feb	20,000	$0.05	higher of (GD wahahub+.4+fuel+com, PGEtop,EPsoML,soc)+.12
Rejected Party 1	Ehrenberg	exchange	baseload	Q3	10,000	$0.40	$0.00
	Ehrenberg	exchange	baseload	Dec-Feb	38,500	$0.30	$0.00
	Ehrenberg	exchange	daily call	Q3	10,000	$0.30	$0.25
	Ehrenberg	exchange	daily call	Q3	10,000	$0.30	higher of (EPSoML-soc,0) + .20
	Ehrenberg	exchange	daily call	Dec-Feb	38,500	$0.25	$0.20
	Ehrenberg	exchange	daily call	Dec-Feb	38,500	$0.25	higher of (EPSoML-soc,0) + .15
Rejected Party 2	Keystone, Waha	gas sale	intraday	Apr-Mar (can be specified period)	40,000	$2.482m (.17x40Kx365)	GDA permian + .01(c1)/.10(c2)/.12(c3)/.15(c4) + 0.25%fuel
Rejected Party 3	Ehrenberg	exchange	baseload	Q3	20,000	$0.28	$0.00
	Ehrenberg	exchange	baseload	Dec-Feb	20,000	$0.25	$0.00
Rejected Party 4	CA Pool	SS1 transport to No. Baja	baseload	Q3	100,000	$0.1048	$.0292 + 2.69% fuel
	Waha & Keystone	SS1 transport to No. Baja	baseload	Nov-Mar	100,000	$0.0497	$.0292 + 2.69% fuel
Rejected Party 5	Ehrenberg	exchange	daily call	Q3	10,000	$0.05	higher of (EPSoML-soc,0) + .02
	Ehrenberg	exchange	daily call	Dec-Feb	10,000	$0.05	higher of (EPSoML-soc,0) + .02
Rejected Party 6	Ehrenberg	gas sale	baseload	Q3	10,000	$0.1575	NGI soc
	Ehrenberg	gas sale	baseload	Dec-Feb	20,000	$0.1575	NGI soc
Rejected Party 7	Ehrenberg	exchange	daily call	Q3	10,000	$0.70	higher of (EPSoML-soc,0) + .005
	Ehrenberg	exchange	daily call	Dec-Feb	20,000	$0.65	higher of (EPSoML-soc,0) + .005

ADVICE NO. 3976
ATTACHMENT D: Cost of Baseload Supplies

	dth/day		$/dth						
	Q3	Dec-Feb		Q3 $		Dec-Feb $		Annual $	
Party A	280,000	280,000	0.14	$	3,606,400	$	3,528,000	$	7,134,400
Party B		100,000	0.12	$	-	$	1,080,000	$	1,080,000
Party C	20,000	20,000	0.114	$	209,760	$	205,200	$	414,960
				$	**3,816,160**	**$**	**4,813,200**	**$**	**8,629,360**

ATTACHMENT E

Advice No. 3976

Confidential Contracts

(Provided to the Energy Division under the confidentiality provisions of General Order 66-C and Section 583 of the California Public Utilities Code.)