

PUBLIC UTILITIES COMMISSION

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October 27, 2011

**Advice Letter 4223**

Rasha Prince, Director  
Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Schedule No. GT-TLS One-Time Waiver Request**

Dear Ms. Prince:

Advice Letter 4223 is effective October 20, 2011 per Resolution G-3457.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Rasha Prince**  
Director  
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March 17, 2011

Advice No. 4223  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Schedule No. GT-TLS One-Time Waiver Request**

**Purpose**

Southern California Gas Company (SoCalGas) hereby requests that the California Public Utilities Commission (Commission) authorize a one-time, non-precedential waiver for SoCalGas customer Alon Bakersfield Property Inc. (Alon) from daily balancing noncompliance charges for the month of November 2010 incurred by Alon in accordance with the daily balancing provisions of SoCalGas Schedule No. GT-TLS, Intrastate Transportation Service for Transmission Level Customers (GT-TLS).

**Background**

In June of 2010, Alon took ownership of a bankrupt oil refinery in Bakersfield,<sup>1</sup> and Alon is still in the process of refurbishing and upgrading this facility. Alon's refinery historically has taken service from a bypass pipeline (Kern/Mojave) with SoCalGas as a backup, making it subject to the additional balancing requirements for bypass customers (i.e., daily balancing) set forth in GT-TLS.

As a result of emergency repairs on Kern/Mojave, Alon began scheduling deliveries through the SoCalGas system for the first time in November of 2010. Although SoCalGas explained the GT-TLS daily balancing requirements to Alon, during the first three weeks of receiving service from SoCalGas, Alon apparently did not adequately monitor its gas usage, and flowed higher volumes than anticipated, thereby incurring very large daily balancing noncompliance charges. In November of 2010, Alon incurred transmission charges of \$17,805.08, state mandated charges of \$21,185.41, and daily balancing noncompliance charges of \$271,179.40.<sup>2</sup>

Once Alon became aware of the daily imbalances it was incurring, Alon attempted to bring itself into balance for the month (thereby inadvertently incurring yet more daily balancing

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<sup>1</sup> Alon USA Energy bought the Bakersfield refinery formerly owned by Big West Oil Company (BWOC) out of the Flying J/BWOC bankruptcy, and set up Alon to own the refinery.

<sup>2</sup> Alon has authorized SoCalGas to publicly provide the customer information contained in this advice filing.

noncompliance charges), and since late November 2010, Alon has been much better about complying with the GT-TLS daily balancing rules.

### **Requested Determinations**

On behalf of Alon, SoCalGas respectfully requests that the Commission authorize SoCalGas to waive the daily balancing noncompliance charges of \$271,179.40 incurred by Alon in November of 2010.<sup>3</sup> Based upon representations from Alon, and Alon's largely successful efforts to comply with the GT-TLS daily balancing rules since late November 2010, SoCalGas believes that Alon's failure to comply with the GT-TLS balancing rules in November of 2010 was inadvertent, and resulted from Alon's unfamiliarity with service from SoCalGas. In addition, during November of 2010, only a small crew was working at Alon's Bakersfield site (as the refinery is being revamped, natural gas is being used to operate the flare and other safety systems, and to generate steam for cleaning or maintaining temperatures in certain equipment), which may have contributed to Alon's failure to adequately monitor its gas usage at that time. SoCalGas is mindful that the substantial level of the daily balancing noncompliance charges incurred by Alon at its Bakersfield refinery would have a significant financial impact on a California business facility that is attempting to go back into operation post-bankruptcy. SoCalGas is also mindful that Alon is attempting to resurrect a business in an area of California that would greatly benefit from the additional jobs the business would bring to the area.

SoCalGas does not generally entertain requests for waivers from its tariffs. As the Commission explained in Decision (D.) No. 90777, "utilities must provide service in accord with their filed tariff except in the event that unusual circumstances render application of general tariff provisions unreasonable or impractical." The Commission is, however, authorized to approve deviations from the tariff provisions by Public Utilities Code sections 489(a)<sup>4</sup> and 532,<sup>5</sup> and Section 5.1 of General Order 96-B authorizes a utility to request Commission approval of a deviation from its tariffs. SoCalGas believes that the unusual circumstances in this situation justify a one-time, one-month waiver for Alon from the daily balancing noncompliance charges Alon incurred pursuant to the daily balancing rules specified in GT-TLS. The waiver proposed by SoCalGas would apply only to the \$271,179.40 of daily balancing noncompliance charges incurred by Alon during November 2010, the first month Alon received service through the SoCalGas system. Alon would still be required to pay its November 2010 transmission charges of \$17,805.08 and state mandated charges of \$21,185.41. Moreover, Alon would continue to be obligated to pay any daily balancing noncompliance charges it may incur in December of 2010 and later months.

### **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

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<sup>3</sup> Payments of GT-TLS balancing noncompliance charges are credited to SoCalGas' Noncore Fixed Cost Account.

<sup>4</sup> Section 489(a) of the Public Utilities Code provides that the Commission shall require public utilities such as SoCalGas to establish tariff schedules, but also allows the Commission to authorize charges "in excess of or less than those shown by the schedules."

<sup>5</sup> Section 532 of the Public Utilities Code provides that, to the extent it is just and reasonable, the Commission may establish exceptions to the published rates, tolls, rentals, and charges specified in a utility's rate schedules.

days of the date of this Advice Letter which is April 6, 2011. 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  
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 ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([ijnj@cpuc.ca.gov](mailto:ijnj@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)

### **Tier**

Pursuant to General Order 96-B, Energy Industry Rule 5.3, SoCalGas is submitting this advice letter with a Tier 3 designation (effective after Commission approval).

### **Effective Date**

This advice letter will become effective when the Commission adopts a resolution approving it. SoCalGas respectfully requests that a resolution approving this advice filing be adopted by the Commission at its May 5, 2011 business meeting.

### **Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in SoCalGas' 2009 BCAP, A.08-02-001.

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Rasha Prince  
Director, Regulatory Affairs

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 904G)**

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) #: 4223

Subject of AL: Schedule No. GT-TLS One-Time Waiver Request (Alon)

Keywords (choose from CPUC listing): Deviation; Imbalance

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: 5/5/11

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<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 5<sup>th</sup> 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. 4223**

**(See Attached Service Lists)**

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