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

September 14, 2011

Edmund G. Brown Jr., Governor



Advice Letter 4261

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

Subject: Schedule No. GT-SWGX – Exchange Wholesale Natural Gas Service – Pisgah Meter Station Charges

Dear Ms. Prince:

Advice Letter 4261 is effective August 1, 2011.

Sincerely,

Je A. HA

Julie A. Fitch, Director Energy Division



Rasha Prince Director Regulatory Affairs

555 W. Fifth Street, GT14D6 Los Angeles, CA 90013-1011 Tel: 213.244.5141 Fax: 213.244.4957 RPrince@semprautilities.com

July 26, 2011

Advice No. 4261 (U 904 G)

Public Utilities Commission of the State of California

<u>Subject</u>: Schedule No. GT-SWGX – Exchange Wholesale Natural Gas Service – Pisgah Meter Station Charges

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its Schedule No. GT-SWGX, Exchange Wholesale Natural Gas Service applicable to Southwest Gas Corporation ("Southwest"), as shown on Attachment B.

<u>Purpose</u>

In accordance with Decision (D.) 09-10-036, this filing revises the rate (Pisgah Meter Station Charge) SoCalGas charges Southwest to recover the costs associated with the Pisgah Meter Station upgrade and monthly maintenance of the meter pursuant to GT-SWGX.

Background

In D.09-10-036, the Commission adopted an exchange contract between SoCalGas and PG&E ("SEGDA") and a transportation contract between SoCalGas and Southwest. These contracts govern SoCalGas' Southwest service and rates. The SEGDA requires SoCalGas to build and maintain a second point to exchange gas with PG&E when displacement capability at Kern River Station is limited or unavailable.¹ As the Commission explained in D.09-10-036:

Findings of Fact

1. The upgrades to Pisgah Meter Station will render Pisgah capable of serving as an alternate redelivery point, in addition to the Kern River Station normally used for deliveries between SoCalGas and PG&E.

¹ D.09-10-036, mimeo., Attachment C (Southwest Exchange Gas Delivery Agreement Between PG&E and SoCalGas) at 3 (Section 3.3).

- 2. An alternate delivery point to Kern River is needed due to volatilities of demand and price for natural gas and, as a result, the Pisgah Meter Station upgrades are reasonable.
- 3. The Pisgah Meter Station capital improvements will be placed into SoCalGas' rate base as part of SoCalGas' 2012 general rate case and SoCalGas will recover these costs through payments by Southwest governed by the 2008 agreement.
- 4. The cost recovery proposal by Applicants for the Pisgah Meter Station is reasonable.

. . . .

Conclusions of Law

 It is reasonable to adopt the rate recovery proposal in the 2008 agreement between SoCalGas and PG&E for the Pisgah Meter Station, as modified by the June 25, 2009 Settlement.

. . . .

Ordering Paragraph

4. The capital improvements, estimated to costs [sic] \$1.3 million, to Southern California Gas Company's Pisgah Meter Station and the related capital charges, operation and maintenance charges, and rate base treatment of these capital improvements, as described in Attachment B hereto and modified by Attachment A, are approved.²

Pursuant to the ratemaking treatment approved in D.09-10-036, Southwest is to be billed a monthly Pisgah Meter Station Charge consisting of an upgrade charge to recover the cost associated with the upgrades ("Upgrade Charge") plus an operation and maintenance charge ("O&M Charge") beginning the first full month following the Pisgah In-Service Date.³

Requested Revision

The in-service date of the upgraded Pisgah Meter Station was July 14, 2011. Accordingly, SoCalGas has revised the monthly Pisgah Meter Station Charge in GT-SWGX from zero to \$17,964 -- a combination of the Upgrade Charge (\$16,892) and the O&M Charge (\$1,072). The Upgrade Charge is calculated by fully amortizing \$1.3 million, the estimated capital

² D.09-10-036, mimeo., at 16 (Findings of Fact Nos. 1-4), 19 (Conclusions of Law No. 1), and 20 (Ordering Paragraph No. 4).

³ <u>See</u> page 6 and Attachment 2 to All-Party Settlement Agreement (Settlement) included in Attachment A to D.09-10-036.

improvement cost of the upgrade, over 164 months, the number of months remaining in the initial term of the Southwest transportation agreement.⁴ The monthly O&M Charge will be a constant \$1,072 per month for the remaining initial term of the Southwest transportation agreement.⁵

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 of this Advice Letter, which is August 15, 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 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 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 Facsimile No. (213) 244-4957 E-mail: <u>snewsom@SempraUtilities.com</u>

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B, Section 7.3.1. SoCalGas respectfully requests the tariff sheets filed herein be effective on August 1, 2011, the date specified in the Southwest transportation contract, the Commission–approved contract governing SoCalGas' service to Southwest.

⁴ In accordance with the Settlement and the Amendment to Master Service Contract Schedule A between Southwest and SoCalGas, SoCalGas will begin charging Southwest for the Pisgah Upgrade based on estimated costs beginning the first month after Pisgah becomes operational, and SoCalGas will true-up the difference between the estimated and final actual construction costs after the Pisgah Upgrade costs have been determined and reconciled. See <u>Id.</u> SoCalGas plans to file an Advice Letter to implement the true-up charges at that time.

Notice

A copy of this advice letter is being sent to the parties listed in Attachment A which includes parties in A.08-12-006, SoCalGas/PG&E/Southwest Wholesale Transportation and Exchange Agreements.

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:	Contact Person: <u>Sid Newsom</u>				
\Box ELC \boxtimes GAS	Phone #: (213) <u>244-2846</u>				
DPLC HEAT WATER	E-mail: SNewsom@semprautilities.com				
EXPLANATION OF UTILITY TY	(Date Filed/ Received Stamp by CPUC)				
ELC = Electric $GAS = Gas$	NATED - Water				
PLC = Pipeline HEAT = Heat V Advice Letter (AL) #: 4261	VALEK = Water				
Subject of AL: <u>Schedule No. GT-SWGX – Exchange Wholesale Natural Gas Service – Pisgah Meter</u>					
Station Charges					
Keywords (choose from CPUC listing): Agreements; Contracts					
AL filing type: 🗌 Monthly 🗌 Quarterly 🗌 Annual 🔀 One-Time 🗌 Other					
If AL filed in compliance with a Com	nission order, indi	cate relevant Decision/Resolution #:			
D.09-10-036					
Does AL replace a withdrawn or rejection	cted AL? If so, iden	ntify the prior AL <u>No</u>			
Summarize differences between the A	AL and the prior wi	thdrawn or rejected AL1: <u>N/A</u>			
Does AL request confidential treatme	ent? If so, provide e	explanation: <u>No</u>			
Resolution Required? Yes No		Tier Designation: $\square 1 \square 2 \square 3$			
Requested effective date: 8/1/11		No. of tariff sheets: <u>3</u>			
Estimated system annual revenue eff	fect: (%): <u>N/A</u>				
Estimated system average rate effect	(%): <u>N/A</u>				
e e e e e e e e e e e e e e e e e e e		L showing average rate effects on customer			
classes (residential, small commercial, large C/I, agricultural, lighting).					
Tariff schedules affected: <u>GT-SWGX, TOCs</u>					
Service affected and changes proposed ¹ : N/A					
Danding advice letters that revice the come tariff about . None					
Pending advice letters that revise the same tariff sheets: <u>None</u>					
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		outhern California Gas Company			
Attention: Tariff Unit		Attention: Sid Newsom			
505 Van Ness Ave., San Francisco, CA 94102		555 West 5th Street, GT14D6 .os Angeles, CA 90013-1011			
mas@cpuc.ca.gov and jnj@cpuc.ca.gov		SNewsom@semprautilities.com			
		•			

 $^{^{\}scriptscriptstyle 1}$ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4261

(See Attached Service Lists)

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Advice Letter Distribution List - Advice 4261

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ATTACHMENT B Advice No. 4261

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 47384-G	Schedule No. GT-SWGX, EXCHANGE WHOLESALE NATURAL GAS SERVICE, Sheet 1	Revised 47033-G
Revised 47385-G	TABLE OF CONTENTS	Revised 47382-G
Revised 47386-G	TABLE OF CONTENTS	Revised 47383-G

Schedule No. GT-SWGX EXCHANGE WHOLESALE NATURAL GAS SERVICE

Sheet 1

Ι

APPLICABILITY

Applicable for exchange transportation service exchange with Pacific Gas and Electric Company ("PG&E") in order to serve Southwest Gas Corporation's ("Customer") PG&E Points of Delivery located in Customer's service territory in southern California.

TERRITORY

Delivery points shall be as specified in the executed Master Services Contract, Schedule A, Intrastate Transmission Service, dated December 10, 2008 ("Contract").

RATES

Exchange Fee Charges

Exchange Rate, per therm 4.136¢

As specified in the Contract, the Exchange Rate recovers certain exchange fees charged by PG&E to Utility plus Utility's system balancing costs, and applies only to gas quantities delivered through Points of Delivery served by PG&E. Pursuant to the Contract, the Exchange Rate shall automatically change if the Commission approves modification to any of the tariffed components of the formula used to determine the exchange fee.

Pisgah Meter Station Charges

Pisgah Meter Station Charge, per month \$17,964

As specified in the Contract, Pisgah Meter Station Charges are monthly charges associated with the Pisgah Meter Station Upgrade.

Billing Adjustments

Billing adjustments may be necessary to reflect changes in quantities used in developing prior periods' exchange charges.

Rates may be adjusted to reflect any applicable taxes, franchise or other fees, regulatory surcharges, and interstate or intrastate pipeline charges that may occur.

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 4261 DECISION NO. 09-10-036 1H18 (Continued)

ISSUED BY Lee Schavrien Senior Vice President Regulatory Affairs (TO BE INSERTED BY CAL. PUC) DATE FILED Jul 26, 2011 EFFECTIVE Aug 1, 2011 RESOLUTION NO.

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ISSUED BY Lee Schavrien Senior Vice President Regulatory Affairs (TO BE INSERTED BY CAL. PUC) DATE FILED JUI 26, 2011 EFFECTIVE Aug 1, 2011 RESOLUTION NO.

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(Continued)

ISSUED BY Lee Schavrien Senior Vice President Regulatory Affairs $\begin{array}{c} (\text{TO BE INSERTED BY CAL. PUC}) \\ \text{DATE FILED} & Jul 26, 2011 \\ \text{EFFECTIVE} & Aug 1, 2011 \\ \text{RESOLUTION NO.} \end{array}$