

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 24, 2012

Advice Letter 4358

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

Subject: Schedule No. G-BTS One-Time Waiver Request

Dear Ms. Prince:

Advice Letter 4358 is effective September 27, 2012 per Resolution G-3475.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Rasha Prince
Director
Regulatory Affairs

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April 17, 2012

Advice No. 4358
(U 904 G)

Public Utilities Commission of the State of California

Subject: Schedule No. G-BTS 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Company (SoCalGas) hereby requests that the California Public Utilities Commission (Commission) authorize a one-time, non-precedential waiver for Chevron USA (Chevron) from a portion of its current three-year commitment to Schedule No. G-BTS, Backbone Transportation Service (G-BTS) from SoCalGas. If adopted, this waiver would reduce Chevron's current G-BTS1 contract quantity by 9 MDthd. This change would be effective from Commission approval through the end of Chevron's current G-BTS contract on September 30, 2014.

Background

Chevron is a California gas producer that delivers gas into SoCalGas' Line 85 transmission system at a number of interconnection points. One of those interconnection points, SoCalGas Orifice Meter 1C (1C), had an interconnection capacity of 9 MMcf/d, and Chevron historically delivered California gas production at that point.

On May 3, 2011, in response to a demand by the owner of the pipeline right-of-way, SoCalGas took the pipeline receiving gas from 1C out of service.¹ Prior to taking this pipeline out of service, SoCalGas communicated to Chevron that SoCalGas intended to replace the pipeline with a new pipeline in a different location and right-of-way that would still connect with 1C. Such a new pipeline was not needed to provide service to SoCalGas' customers in this particular area, but would have potentially enhanced service reliability by providing redundancy.

Chevron participated in SoCalGas' mid-2011 G-BTS open season, and on September 22, 2011, contracted for 25 MDthd of G-BTS1 rights from October 1, 2011 through September 30, 2014.² According to Chevron, it took the presumed availability of 1C into account when it bid for this level

¹ The owner of the right-of-way had the contractual right to require SoCalGas to remove its facilities from the right-of-way.

² SoCalGas makes several different types of backbone transmission services available pursuant to its G-BTS rate schedule. G-BTS1 service is firm 100% reservation charge service. Chevron also has a G-BTS2 service contract (firm MFV service) that is not the subject of this advice filing.

of G-BTS rights in the mid-2011 G-BTS open season, and that it would have bid for 9 MDthd less if it had understood that SoCalGas would not be putting the pipeline receiving gas from 1C back into service.

After Chevron contracted for firm G-BTS capacity in September 2011, SoCalGas determined that it would not be building a new pipeline that would connect with 1C, and SoCalGas informed Chevron accordingly. Chevron has asked for contractual relief from the 9 MDthd of G-BTS1 rights that it contends was intended solely for deliveries of California production into 1C. Chevron stated that it cannot use these G-BTS rights for deliveries to other interconnection points into the SoCalGas Line 85 transmission system after April 1, 2012. According to Chevron, these rights are effectively stranded by SoCalGas' post-open season determination to not construct a new pipeline that would connect with 1C.

Requested Determinations

SoCalGas' G-BTS tariff requires a minimum three-year commitment for firm service.³ G-BTS also requires customers to execute a Receipt Point Master Agreement (RPMA) and a Backbone Transportation Services Contract (BTSC).⁴ Chevron executed the required contracts, and in its BTSC specifies daily G-BTS contract quantities for every month during the contract term.

On behalf of Chevron, SoCalGas respectfully requests that the Commission authorize SoCalGas to waive the three-year term of service specified in G-BTS for the portion of Chevron's G-BTS commitment at issue. If authorized to make this one-time, non-precedential waiver, SoCalGas would reduce the G-BTS1 contract quantity in Chevron's BTSC by 9 MDthd, from 25 MDthd to 16 MDthd, for the month immediately following the month in which the waiver is authorized by the Commission, and for each month remaining in the existing contract term. No other changes would be made to Chevron's existing BTSC or RPMA, and SoCalGas' standard BTSC and RPMA form agreements would not change in any way.

SoCalGas does not generally entertain requests for waivers from its tariffs or from customer obligations under its Commission-approved form agreements. As the Commission explained in Decision 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)⁵ and 532,⁶ 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 unusual circumstances in this situation justify the proposed one-time, non-precedential and prospective reduction of Chevron's current firm three-year G-BTS commitment.

³ See G-BTS at sheet 3 ("Rates").

⁴ See G-BTS at sheet 5 (Special Condition 3).

⁵ 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."

⁶ 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.

Protests

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 May 7, 2012. 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 email to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest shall 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

In compliance with the Energy Division direction, SoCalGas submits this advice letter as Tier 3 and, as such, requires a resolution to be issued by the Commission. SoCalGas respectfully requests that this advice letter be placed on the Commission agenda for May 24, 2012.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A to this advice letter, which includes interested parties in A.10-03-028, Firm Access Rights Update.

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) #: 4358

Subject of AL: Schedule No. G-BTS One-Time Waiver Request

Keywords (choose from CPUC listing): Contracts

AL filing type: Monthly Quarterly Annual One-Time Other

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

N/A

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 AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 5/24/12

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: N/A

Pending advice letters that revise the same tariff sheets: N/A

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
EDTariffUnit@cpuc.ca.gov**

**Southern California Gas Company
Attention: Sid Newsom
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com**

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4358

(See Attached Service Lists)